

Company Code: 600104

Abbreviation of Company: SAIC

SAIC MOTOR CORPORATION LIMITED

Annual Report 2018

Important Note

1. Board of directors (the "Board"), board of supervisors, directors, supervisors and senior management of the Company certify that this report does not contain any false or misleading statements or material omissions and are jointly and severally liable for the authenticity, accuracy and integrity of the content.

2. All directors attended Board meetings.

3. Deloitte Touche Tohmatsu Certified Public Accountants LLP issued a standard and unqualified auditors' report to the Company.

4. Mr. Chen Hong, Chairman of the Board, Mr. Wei Yong, the chief financial officer, and Ms. Gu Xiao Qiong, head of Accounting Department, certify the authenticity, accuracy and integrity of the financial reports contained in the annual report of the current year.

5. Plan of profit distribution or capital reserve capitalization approved by the Board

The Company plans to distribute cash dividends of RMB 12.60 (inclusive of tax) per 10 shares, amounting to RMB 14,721,161,319.90 in total based on total shares of 11,683,461,365. The Company has no plan of capitalization of capital reserve this year. The cash dividend distribution for the recent three years accumulates to RMB 55,379,606,870.10 in total (including the year of 2018).

6. Risk statement of forward-looking description

Applicable N/A

The forward-looking description on future plan and development strategy in this report does not constitute substantive commitment to investors. Please note the investment risk.

7. Does the situation exist where the controlling shareholder and its related parties occupy the funds of the Company for non-operational use?

No.

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

No.

9. Significant risk alert

There are no significant risks which have substantive effects on the Company's production and operation during the reporting period. The Company has described the possible risks that the Company may be exposed to in the process of production and operation in this report. Please refer to "Possible Risks" in Section IV Discussion and Analysis of Operations.

10. Others

Applicable N/A

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Section I Definitions

I. Definition

In this report, unless the context otherwise indicated, the following terms are defined as below:

Definitions of frequently-used words		
CSRC	Refers to	China Securities Regulatory Commission
SSE	Refers to	Shanghai Stock Exchange
Shanghai SASAC	Refers to	Shanghai State-owned Assets Supervision and Administration Commission
Company, the Company, the Group, SAIC Group, SAIC Motor	Refer to	SAIC Motor Corporation Limited
SAIC Group	Refers to	Shanghai Automotive Industry Corporation (Group)
SAIC VOLKSWAGEN	Refers to	SAIC Volkswagen Automobile Co., Ltd.
SAIC GM	Refers to	SAIC General Motors Co., Ltd.
SAIC Passenger Vehicle	Refers to	SAIC Motor Corporation Limited Passenger Vehicle Branch
SGMW	Refers to	SAIC GM Wuling Co., Ltd.
SAIC Maxus	Refers to	SAIC Maxus Vehicle Co., Ltd.
Shanghai Sunwin	Refers to	Shanghai Sunwin Bus Co., Ltd.
IVECO Hongyan, SAIC-IVECO Hongyan	Refer to	SAIC-IVECO Hongyan Commercial Vehicle Co., Ltd.
Nanjing Iveco	Refers to	Nanjing Iveco Automobile Co., Ltd.
SAIC Motor-CP	Refers to	SAIC Motor-CP Co., Ltd.
SAIC Indonesia	Refers to	SAIC-GM-Wuling Motor Indonesia
HASCO Motor, HASCO	Refer to	HUAYU Automotive Systems Co., Ltd.
SFC	Refers to	SAIC Finance Co., Ltd.
SAIC-GMAC	Refers to	SAIC-GMAC Automotive Finance Co., Ltd.
Chexiang Technology	Refers to	Shanghai Chexiang Technology Industry Co., Ltd.
Global Car Sharing	Refers to	Global Car Sharing and Rental Co., Ltd.
Anji Logistics	Refers to	Anji Automotive Logistics Co., Ltd.
Zhonghaiting	Refers to	Wuhan Zhonghaiting Data Technology Co., Ltd.
SAIC Infineon	Refers to	SAIC Infineon Automotive Power Modules (Shanghai) Co., Ltd.

Section II General Information and Major Financial Indicators of the Company

I. Information of the Company

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

II. Contacts

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

III. Basic information of the Company

Registered address	Room 509, No.1 Tower, No. 563 Songtao Road, Pilot Free Trade Zone, Shanghai, China
Post code of registered address	201203
Office address	No. 489 Weihai Road, Jing'an District, Shanghai, China
Post code of office address	200041
Website	http://www.saicmotor.com
E-mail	saicmotor@saic.com.cn

IV. Information disclosure and the location

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

V. Profile of the Company's shares

Profile of the Company's shares				
Class of shares	Stock exchange	Short name	Stock code	Former short name
A shares	Shanghai Stock Exchange	SAIC MOTOR	600104	Shanghai Automotive

VI. Other relevant information

Information of the accounting firm appointed by the Company (domestic)	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP
	Office address	F/30,Bund Center, No. 222 East Yan An Road, Shanghai
	Signing Certified Public Accountant	Hu Yuan Yuan, Ma Tian Tian
Sponsor performing continuous supervision duties in the reporting period	Name	Guotai Junan Securities Co., Ltd.
	Office address	F/29, No.168 Yincheng Middle Road, Pudong New Area, Shanghai
	Authorized sponsor representative	Chi Hui Tao, Ding Ying Hua
	Continuous supervision period	January 19, 2017-December 31, 2018

VII. Major accounting data and financial indicators in recent three years**(I) Major accounting data**

Unit: RMB

Major accounting data	2018	2017	Year-on-year (%)	2016
Total operating income	902,194,064,732.24	870,639,427,000.07	3.62	756,414,060,141.04
Operating income	887,626,207,288.41	857,977,717,906.64	3.46	746,234,636,304.31
Net profit attributable to shareholders of listed companies	36,009,210,583.83	34,410,339,492.71	4.65	32,005,700,516.10
Net profit attributable to shareholders of listed companies after deducting non-recurring profit or loss	32,409,013,305.15	32,915,755,236.71	-1.54	30,328,970,857.53
Net cash flow from operating activities	8,975,654,791.66	24,301,071,935.41	-63.06	11,360,916,342.78
	December 31, 2018	December 31,2017	Year-on-year (%)	December 31, 2016
Net assets attributable to shareholders of listed companies	234,368,561,956.28	225,335,302,711.77	4.01	192,098,045,637.18
Total assets	782,769,849,841.01	723,533,131,261.59	8.19	590,710,298,719.06

(II) Major financial indicators

Major financial indicators	2018	2017	Year-on-year (%)	2016
Basic earnings per share (RMB/Share)	3.082	2.959	4.16	2.903
Diluted earnings per share (RMB/Share)	N/A	N/A	N/A	N/A
Basic earnings per share after deducting non-recurring profit or loss (RMB/Share)	2.774	2.831	-2.01	2.751
Weighted average return on net assets (%)	15.67	16.87	Decreased by 1.20 %	17.51
Weighted average return on net assets after deducting non-recurring profit or loss (%)	14.10	16.14	Decreased by 2.04 %	16.61

Explanations on major accounting data and financial indicators in recent three years

Applicable N/A

- 1) In March 2018, the subsidiary of the Company, Huayu Automotive Systems Co., Ltd. (“HASCO Motor”) completed the acquisition of 50% equity of Shanghai Koito Automotive Lamp Co., Ltd. (renamed to Huayu Vision Technology (Shanghai) Co., Ltd., “Huayu Vision”) so that Huayu Vision was included in the scope of consolidation since March 1, 2018. As the equity acquisition constituted business combination involving enterprises under common control that was achieved through multiple transactions step by step, HASCO Motor recognized and included the one-time premium of the equity held by it originally into investment income of the current period in accordance with the Accounting Standards for Business Enterprises.
- 2) The changes in net cash flow from operating activities were mainly caused by the year-on-year decrease in customer deposit absorbed by the subsidiary of the Company, SAIC Finance Co., Ltd. (“SFC”) over the current period.

VIII. Differences in accounting figures under China and foreign accounting standards**i. Differences in net profit and net assets attributable to shareholders of the listed companies where financial statements are disclosed in accordance with International Accounting Standards and China Accounting Standards**

Applicable N/A

ii. Differences in net profit and net assets attributable to shareholders of the listed companies where financial statements are disclosed in accordance with Foreign Accounting Standards and China Accounting Standards

Applicable N/A

iii. Explanations on differences between China and foreign accounting standards

Applicable N/A

IX. Major quarterly financial data for the year 2018

Unit: RMB

	First Quarter (Jan. to Mar.)	Second Quarter (Apr. to Jun.)	Third Quarter (Jul. to Sept.)	Fourth Quarter (Oct. to Dec.)
Total operating income	238,833,744,999.84	226,018,354,270.27	209,888,540,515.87	227,453,424,946.26
Operating income	234,852,509,760.62	222,325,974,315.11	205,986,358,540.82	224,461,364,671.86
Net profit attributable to shareholders of listed companies	9,706,679,715.18	9,275,183,698.38	8,690,507,700.79	8,336,839,469.48
Net profit attributable to shareholders of listed companies after deducting non-recurring profit or loss	8,826,628,102.91	8,434,954,537.14	8,058,176,082.84	7,089,254,582.26
Net cash flow from operating activities	-15,568,321,165.90	-17,479,212,033.27	3,711,838,226.82	38,311,349,764.01

Explanation: Net cash flow from operating activities in each quarter fluctuated greatly as SFC and SAIC-GMAC raised funds actively due to increase in scale of loan so that the deposit taking and borrowing funds were changed largely.

Explanations on differences between above quarterly data and disclosed data in periodic reports

Applicable N/A

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

Applicable N/A

Unit: RMB

Items of non-recurring profit or loss	2018	Note (if applicable)	2017	2016
Profit or loss on disposal of non-current assets	559,505,098.66		-176,186,005.11	-274,439,799.71
Government grants recognized in profit or loss for the current period, except those that are closely related to the normal business of the Company, and granted on quota basis continuously based on the state policy	3,583,637,108.24		2,658,540,681.19	2,547,141,715.81
The excess of acquirer's proportionate share of fair value of identifiable net assets of acquiree over the consideration paid for the acquisition of subsidiaries, associates and joint ventures	1,449,378,901.59		90,827,100.61	170,851,191.00
Profit or loss on debt restructuring	-304,726.30		506,460.00	266,280.06
Net profit or loss of subsidiary for the period from the beginning to the date of combination arising from business combination involving enterprises under common control			-1,120,333.39	-2,910,172.55
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those effective hedging activities relating to normal operating business of the Company	7,043,819.47		4,944,490.56	8,285,353.69
Reversal of impairment provision for accounts receivable that are individually tested for impairment			220,849,689.64	-
Profit or loss on entrusted loans	53,313,687.71		29,686,211.04	29,826,908.01
The effect of one-off adjustment to profit or loss in accordance with laws and regulations in respect of taxes and accounting on profit or loss for the period			-186,509,549.00	-
Other non-operating income and expenses other than the above	-310,571,110.00		-353,613,492.77	-232,900,943.80
Effects on minority interests	-1,155,074,706.27		-436,018,732.67	-254,988,503.67
Effects on income tax	-586,730,794.42		-357,322,264.10	-314,402,370.27
Total	3,600,197,278.68		1,494,584,256.00	1,676,729,658.57

XI. Items measured at fair value√ Applicable N/A

Unit: RMB

Item	December 31, 2017	December 31, 2018	Changes	Effects on profit of the period
Financial assets at fair value through profit or loss	4,795,191,451.72	26,561,958,372.83	21,766,766,921.11	-128,038,689.29
Available-for-sale financial assets	64,368,156,943.26	23,930,347,255.24	-40,437,809,688.02	
Financial liabilities at fair value through profit or loss	203,623,811.66	977,399,765.77	773,775,954.11	15,224,021.65
Total	69,366,972,206.64	51,469,705,393.84	-17,897,266,812.80	-112,814,667.64

XII. Other explanations Applicable N/A

Section III Business Overview of the Company

I. Explanations on principal business, operation model and industry profile during the reporting period

Categorized as automotive manufacturing industry, the Company is currently striving to grasp the industrial development trend, speeding up innovation and transformation, and developing from a traditional manufacturing enterprise towards a comprehensive supplier which provides consumers with mobility services and products. The Company's principal activities include research and development (R&D), production and sales of vehicles (including passenger vehicles and commercial vehicles); active promotion of the commercialization of new-energy vehicles and internet vehicles, and implementation of technical research and industrialization exploration such as intelligent driving; R&D, production and sales of spare parts (including power drive system, chassis system, interior and exterior decoration system, and core components of new-energy vehicles including battery, electronic drive and power electronics, and intelligent products system); auto service and trading business including logistics, auto E-commerce, mobility services, energy-saving and recharging services; automobile-related finance, insurance and investment businesses; overseas operations and international commerce and trade business; and active deployment in the fields of the industry big data and artificial intelligence.

On the basis of operation model combining investment control and entity operation, the Company implements investment control on its associates and joint ventures including SAIC Volkswagen, SAIC GM, SGMW, etc., and put self-owned brands into entity operations.

The Company is the largest domestic automobile group in terms of sales and manufacturing scale by far, and the largest automobile company listed in A share market in terms of market capitalization. Since 2004, the Company has been listed in Fortune 500 for 14 times consecutively and was ranked 36th in 2018 with total consolidated revenue of USD 128.82 billion for prior year, 5 ranks up compared with 2017 to ascend itself the 7th in the global automotive industry.

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

Applicable N/A

III. Analysis of core competitiveness during the reporting period

Applicable N/A

Firstly, the Company has leading advantages in domestic market. The Company plays a leading role for years in vehicle production and sales, with products covering various major regional markets, manufacturing bases across the country and extensive sales network, which is beneficial for the Company to enhance the market presence and capability of quick reaction to customers' needs.

Secondly, the Company has advantages in its industrial system with integration synergy. The Company is an automobile enterprise with the most complete domestic auto industry chain layout and the most remarkable comprehensive strength, aims at the new trend of development of the automotive industry, to promote the implementation of the "new four modernizations" development strategy, namely, "electrification, intelligent networking, sharing and internationalization", and carries out a comprehensive layout in key technology fields of new energy vehicles, intelligent connected vehicles, mobility services, to introduce its advantages in innovation technology to overseas to achieve differentiated competitiveness, and accelerate the construction of ecological system with future

orientation and global competitiveness, through comprehensive synergy and integration of four modernization.

Thirdly, the Company has advantages in its continuously advancing innovation capability. The Company has established a globally connected independent R&D framework, with its self-owned innovation capability and local R&D capability of joint ventures, which is at a leading position domestically; the Company owns the core technologies of new energy vehicles and obtains leading advantages in R&D and application for internet vehicles; it arranges comprehensive layout in the key technology field of intelligent driving; and the Company highlights itself for its leading business scale and service capacity in mobility services, automotive finance services and automotive industrial chain services with outstanding innovation capabilities.

Section IV Discussion and Analysis of Operations

I. Discussion and Analysis of Operations

Due to the accumulative effects of internal and external factors, the year 2018 witnessed the first annual negative growth in the domestic automotive market since 1990. In 2018, a total of 28.146 million vehicles were sold in domestic market, a year-on-year decrease of 3.8%, including 23.694 million passenger vehicles and 4.452 million commercial vehicles, representing 4.7% year-on-year decrease and 1.4% year-on-year increase respectively. Automotive consumption still kept its trend of upgrade even with a stalled momentum, and new energy automotive became the largest growth highlight; the growth exceeded the expectation driven by the demands in capital investment, logistics, and replacement of vehicle under the Stage 3 national emission standards and below in the truck market, in spite of the downturn for the passenger vehicle market.

In the severe winter of car market, though the growth rate for the domestic automotive market slowed down, SAIC Motor achieved a strong increase in sales of vehicles, with steady progress in operating performance. In 2018, the Company sold 7.052 million vehicles, a year-on-year increase of 1.8%, 5.6% more than overall market growth rate, including 6.162 million passenger vehicles and 0.889 million commercial vehicles, representing 0.4% year-on-year decrease and 19.8% year-on-year increase (general commercial vehicles without micro cars increased by 22.8% over the same period) respectively; the domestic market share hit 24.1%, a year-on-year increase of 1%, which further expanded its leading advantage in the domestic market. During the reporting period, the Company's total operating income was RMB 902.194 billion, a year-on-year increase of 3.62%; the net profit attributable to the shareholders of the listed companies was RMB 36.009 billion, a year-on-year increase of 4.65%. The major performance indicators grew faster than the sales volume, and the Company has kept a high-quality development trend and created a new record of operating performance.

II. Operation conditions in the reporting period

In 2018, with the insistent general work tone of "improvement while stability" and the deep advancement of "new four modernizations" strategy, the SAIC Motor gave a full display of its solid growth strength and innovative development ability under the background that the car market suffered from a negative growth with large volume base. The Company achieved a stable progress in economic operation and made innovations under progress in management and development. The vehicle sales outperformed others in the growth rate to promote major operational performance indicators in a steady manner. Innovating services including new energy vehicles and international operation grew observably, and "new four modernizations" strategy enjoyed a remarkably enhanced innovative drive. Therefore, the Company could defy severe cold and deployed well for the coming spring with higher-quality development and more innovative posture.

1. Robust growth of self-owned brands against the trend, and leading status of joint ventures in domestic sales volume

Sales volume of Roewe and MG of the Company hit 0.73 million vehicles, a year-on-year increase of 36.5%, ranking the top of passenger vehicle industry in growth rate, including over 0.2 million of Roewe RX5. The new products such as i5 were sold like hot cakes after marketing, MG ZS that became the new global vehicle and new MG6 with stably rising market performance ascended themselves to the 100,000-annual sales camp; the new energy and internet auto sales accounted for over 40%, resulting in progress of brands led by innovative products. SAIC Maxus (including Yue Jin) sold 0.126 million vehicles, a year-on-year increase of 14.5%; V80 wide-body light passenger vehicle kept a rapid growth in sales volume, T60 pickup truck and other new products were sold well, the crowd-selling effect of

large-scale personalized customization (C2B) “spider intellectual choice” platform gradually appeared, and the rental car fleet enjoyed the leading scale in the domestic. The three vehicle joint ventures of the Company-SAIC VOLKSWAGEN, SGMW and SAIC GM held three of the top four vehicle sales at home continuously, in which SAIC VOLKSWAGEN ranked the first and retained the title in the passenger vehicle sales market for consecutive four years. In the meantime, the Company’s vehicle joint ventures actively grasped the trend of consumption upgrading, and speeded up the deployment of high-end products, new energy and intellectual connected areas: SAIC VOLKSWAGEN Tiguan, Touran and other high-end products had an excellent market performance, the relevant legal examination and approval procedures have been completed for Audit’s admission in SAIC in respect of the SAIC Audi project, and MEB new energy automobile plant initialed the construction; SAIC GM Cadillac brand kept its strong growth trend, with an increase of 30% in sales; SGMW Baojun 510, Hongguang and other products still came out top of sales volume in the market segment, and the technological content and brand image of the products have been promoted comprehensively by taking opportunity of the Baojun new identification and new product release.

2. Doubled sales of new energy vehicles, and remarkable achievements of key deployment of intelligent networking

In 2018, SAIC Motor sold 0.142 million new energy vehicles, a year-on-year increase of 120%, achieving “doubled” growth for consecutive five years, including 97,000 self-brand Roewe and MG new energy vehicles, a year-on-year increase of 119%. SAIC Maxus fuel cell light passenger vehicles took the lead to realize commercialized batch operation in three cities in China including Shanghai; SGMW, SAIC GM, SAIC VOLKSWAGEN and other joint ventures accelerated the new energy product type spectrum improvement and devoted more efforts to product launch, obtaining remarkable growth in the sale of new energy vehicles. In the meantime, the Company gave continuous impetus to the projects including new round of “three-electric (electrically driven, electrical cell and electrically controlled) core technological innovation and brand-new electro-mobile proprietary architecture development; completed batch production and delivery of SAIC Infineon IGBT products successfully; incorporated Shanghai Jieqing Technology Co., Ltd. to integrate the core resources like technical talents in fuel cell area and accelerate the commercialized development of fuel cell vehicles; acquired significant phased achievements in respect of Model 300 fuel cell stack, and the trail-production power has reached the global leading level. In the field of intelligent networking, the Company continued to make more efforts to independent development of key intelligent driving systems such as perception, planning, decision-making and execution, further promoted cross-border cooperation with famous domestic and foreign companies such as Alibaba, Wuhan KOTEL, Mobileye and TTTech, and concluded strategic cooperation agreements with Traffic Management Research Institute of the Ministry of Public Security, China Mobile and Huawei, etc. to carry out technical research and standard system construction in the field of 5G and other intelligent network forward-looking areas. As the Company obtained the Grade A surveying and mapping qualification of national navigation electronic map production through Zhonghaiting, SAIC has become one of the first batch of automobile groups that obtained such qualification and accordingly, the construction of automotive high-precision electronic map data generation platform was accelerated. In respect of sample of SAIC intellectual driving car, the total testing mileage has exceeded 110,000 kilometers, and the testing mileage on the opening road has exceeded 8,000 kilometers. Roewe Marvel X, the first mass-produced electric intelligent networking car across the world has been launched successfully, and AR-based augmented reality intelligent navigation, intelligent assisted driving and other “black technologies” also have been industrialized successfully.

3. Sharp growth of overseas export sales, and full acceleration of international operation

In 2018, the Company exported and sold overseas 0.277 million vehicles, a year-on-year increase of 62.5%, ranking the first nationwide in vehicle export sales for consecutive three years and expanding the pioneering advantages further; meanwhile, the Company continued accelerating the global deployment and transnational operation deeply to establish 3 overseas vehicle manufacturing bases in Thailand, Indonesia and India, 11 regional marketing service centers in Europe, North America, South America,

Africa, the Middle East, Australia & New Zealand and other places, over 500 overseas marketing service outlets, and 6 “10,000-vehicle” overseas sales market in Thailand, the UK, Indonesia, Chile, Australia & New Zealand and the Middle East GCC. The Company launched the first overseas internet vehicle MG ZS equipped with i-SMART system in Thailand, which was popular with the local young consumers, making the sales leap to the top in the segment market; SAIC Maxus became the Chinese brand ranking the first place with sales in the Australia market for consecutive two years; SGMW brand ascended itself into the mainstream camp of Indonesia market rapidly; MG Vehicle Indonesia Company carried forward the plant renovation, marketing system building and the development and launch preparation of first internet product orderly. In the meantime, the Company speeded up the integration upgrade and ecosystem construction of overseas vehicle networking system, actively explored the launch of new energy vehicles in conditional overseas market, and strengthen brand building of overseas market continuously so as to strive to promote larger scale, more well-known brand and stronger profitability of international operations.

4. Accelerated construction of mobility platform, and continuous optimization of service ecosystem

Focused on “intelligent mobility for people, convenient services for vehicles and highly efficient flow of things”, the Company took advantage of AI, big data and cloud computing technology, brought the superiority of resource synergy advantage of industry chain into full play, and accelerated the construction of transportation platform and service ecology of SAIC. In the aspect of intelligent mobility for people, the Company achieved operation of “SAIC Mobility” online car-hailing project by marketization such as innovation funds; SAIC Global Car Sharing business entered into 64 cities nationwide, with 45,000 vehicles running for the car fleets and over 4 million registered users accumulatively, enhancing its service operation quality continuously. In the aspect of convenient services for vehicles, Chexiang Technology realized sales of annual online vehicles over 72,000 and transaction amount over RMB 8 billion, coming out top in the vehicle e-commerce platforms and strengthening feature business ability like personalized customization increasingly; the Company had over 2300 offline service “Che Xiang Jia” shops in 120 cities nationwide and over 3 million members in total, optimizing accessories, second-hand cars, insurance sale and other service ecology continuously. In the aspect of highly efficient flow of things, water transportation and railway transportation accounted for over 54% due to the Company’s continuous optimization of freight capacity structure of automobile logistics business, and the Company also constantly explored and deepened new models such as multimodal transportation and intelligent warehouse, and accelerated the construction of express logistics platform faced to public service through integration of Tiandi Huayu and nationwide logistics resources and expansion of logistics service areas. In addition, in the aspect of financial service, the Company kept a rapid growth in the traditional advantageous businesses including automobile finance while the business volume of Haochedai, Rapid Loan and other online platforms rose rapidly, further consolidating and strengthening the industrial leading advantage; Multi-finance Joint Venture in Indonesia has completed industrial and commercial establishment and overseas vehicle financial service took important steps, with increasing improvement of ecosystems of financial services including insurance sale, equity investment and finance leases, and remarkably stronger financial technology level and service efficiency. At the same time, the Company accelerated digital transformation and strengthened the middle ground support ability of SAIC’s artificial intelligence lab, data middle ground and cloud service center, and strive to provide capacity for the mobility platform and service ecosystem construction so as to help the Company to accelerate the transformation towards a comprehensive supplier which provides consumers with mobility services and products.

5. Deep advancement of innovation mechanism and talent highland construction, and unceasing enhancement of brand building

In the aspect of innovation mechanism construction, the Company further improved the equity incentive and employee stock ownership management system and implemented equity incentive plan to new

innovation enterprises; seed fund, home for engineers, home for technicians and other innovation platforms played a more evident role to accelerate the conversion of the fruits of innovation projects. In the aspect of talent highland construction, the Company implemented marketed management mechanism to the senior executives of its innovation-oriented enterprises, impelled “doubled software talents in 3 years” plan continuously, gather talents for the Company’s innovation development by holding future automobile creativity invitational tournament and other activities, and put more efforts into “employee (model worker) innovation studio” establishment to promote craftsmanship spirit. In the aspect of brand construction, the Company did a good job in the vehicle service security of the first session of China International Import Expo, which fully demonstrated SAIC Motor’s image of “innovative vitality, technological charm and sincere service” to the overseas. The Company also got more exposure of brand through sponsorship of Chinese Super League and SIPG Football Team, title sponsorship of Shanghai International Circuit and other sports marketing, and strengthened media spread through strategic cooperation with SMG Shanghai Media Group and deeper communication with authoritative media. Faced with the severe condition of capital market, the Company organized many communication activities including exchange, road show, and survey and endeavored to transmit the “fundamental” information and “innovative” achievements of SAIC to the investors, thereby increasing their confidence; the Company stayed on “CCTV Chinese Top 10 Listed Companies” title for consecutive three years, and consolidated and improved its capital market image as “value investing blue-chip + industrial innovative flagship”.

(I) Analysis of principal business

1. Analysis on changes in relevant accounts in income statement and cash flow statement

Unit: RMB

Accounts	2018	2017	Changes (%)
Operating income	887,626,207,288.41	857,977,717,906.64	3.46
Operating costs	769,985,822,499.66	742,382,412,287.81	3.72
Selling expenses	63,423,027,141.41	61,121,680,109.09	3.77
Administrative expenses	21,336,015,125.43	18,286,379,181.82	16.68
R&D expenses	15,385,012,641.18	13,014,829,032.80	18.21
Financial expenses	195,437,294.67	143,234,567.86	36.45
Net cash flow from operating activities	8,975,654,791.66	24,301,071,935.41	-63.06
Net cash flow from investing activities	9,844,850,629.33	-10,911,784,541.42	190.22
Net cash flow from financing activities	-19,113,689,270.88	-491,078,280.57	-3,792.19

Note:

- 1) The net cash flow from operating activities decreased by RMB 15.325 billion year on year, a decrease of 63.06%, which was mainly due to SFC’s decrease of customer deposits for the period.
- 2) The net cash flow from investing activities increased by RMB 20.757 billion year on year, an increase of 190.22%, which was mainly due to SFC’s reduction of financial asset allocation according to liquidity demand, increasing cash receipts from disposal and recovery of investments and decreasing cash payments to acquire investments.
- 3) The net cash flow from financing activities decreased by RMB18.623 billion year on year, a decrease of 3792.19%, which was mainly due to cash receipts of fund raised by non-public offering of shares last year, but none in the current period.

2. Income and cost analysis

√ Applicable □ N/A

Details are as follows:

(1). Analysis on principal businesses by industry, product and geographical region

Unit: RMB

By industry						
By industry	Operating income	Operating costs	Gross margin ratio (%)	Changes in operating income (%)	Changes in operating costs (%)	Changes in gross margin ratio (%)
Automotive manufacturing	887,626,207,288.41	769,985,822,499.66	13.25	3.46	3.72	Decreased by 0.22%
Financing	14,567,857,443.83	3,892,602,852.95	73.28	15.05	37.58	Decreased by 4.37%
Total	902,194,064,732.24	773,878,425,352.61	14.22	3.62	3.85	Decreased by 0.19%
By product						
By product	Operating income	Operating costs	Gross margin ratio (%)	Changes in operating income (%)	Changes in operating costs (%)	Changes in gross margin ratio (%)
Vehicles	667,308,457,248.59	590,918,548,655.90	11.45	1.60	2.03	Decreased by 0.37%
Parts	175,459,626,179.39	140,043,700,616.08	20.18	10.68	11.30	Decreased by 0.45 %
Trading	9,521,282,310.93	8,861,249,145.62	6.93	-17.46	-18.11	Increased by 0.74 %
Service and others	35,336,841,549.51	30,162,324,082.06	14.64	13.64	13.46	Increased by 0.13 %
Financial services	14,567,857,443.83	3,892,602,852.95	73.28	15.05	37.58	Decreased by 4.37 %
Total	902,194,064,732.24	773,878,425,352.61	14.22	3.62	3.85	Decreased by 0.19 %
By geographical region						
By geographical region	Operating income	Operating costs	Gross margin ratio (%)	Changes in operating income (%)	Changes in operating costs (%)	Changes in gross margin ratio (%)
China	865,550,288,352.31	740,925,943,492.45	14.40	3.38	3.53	Decreased by 0.12 %
Others	36,643,776,379.93	32,952,481,860.16	10.07	9.73	11.62	Decreased by 1.53 %
Total	902,194,064,732.24	773,878,425,352.61	14.22	3.62	3.85	Decreased by 0.19%

Explanations on principal businesses by industry, product or geographical region:

Applicable N/A

(2). Analysis on production and sales volume

√ Applicable □ N/A

Enterprises	Production (Volume)	Sales (Volume)	Inventories (Volume) 2018-12-31	Changes in production volume (%)	Changes in sales volume (%)	Changes in inventories (%)
SAIC VOLKSWAGEN	2,097,000	2,065,077	104,006	1.31	0.10	75.07
SAIC GM	1,959,992	1,970,117	43,999	-2.27	-1.50	-18.04
SAIC Passenger Vehicle	711,140	701,885	38,060	32.18	34.45	31.13
SGMW	1,967,709	2,071,551	69,500	-9.35	-3.65	-60.08
SAIC Maxus	126,276	126,094	5,769	14.77	14.50	8.30
Shanghai Sunwin	820	818	2	-32.45	-32.56	100
IVECO Hongyan, SAIC-IVECO Hongyan	55,697	58,037	8,379	15.85	45.03	-22.27
Nanjing Iveco	30,767	31,000	770	-3.10	-0.96	-23.31
SAIC Motor-CP	28,517	27,155	2,419	136.26	123.48	117.73
Total	6,977,918	7,051,734	272,904	-0.14	1.75	-18.4

(3). Cost analysis

Unit: RMB

By Industry						
By industry	Items	2018	Proportion to total costs (%)	2017	Proportion to total costs (%)	Changes (%)
Automotive manufacturing	Raw materials, labor salaries and wages, depreciation, energy, etc.	769,985,822,499.66	99.50	742,382,412,287.81	99.62	3.72
Financial services	Labor salaries and wages, depreciation, energy, etc.	3,892,602,852.95	0.50	2,829,421,213.39	0.38	37.58
Total		773,878,425,352.61	100.00	745,211,833,501.20	100.00	3.85
By Product						
By product	Items	2018	Proportion to total costs (%)	2017	Proportion to total costs (%)	Changes (%)
Vehicles	Raw materials, labor salaries and wages, depreciation, energy, etc.	590,918,548,655.90	76.36	579,156,276,545.62	77.72	2.03
Parts	Raw materials, labor salaries and wages, depreciation, energy, etc.	140,043,700,616.08	18.10	125,820,179,039.15	16.88	11.30
Trading	Raw materials, labor salaries and wages, depreciation, energy, etc.	8,861,249,145.62	1.15	10,820,718,697.13	1.45	-18.11
Service and others	Raw materials, labor salaries and wages, depreciation, energy, etc.,	30,162,324,082.06	3.90	26,585,238,005.91	3.57	13.46
Financing	Labor salaries and wages, depreciation, energy, etc.	3,892,602,852.95	0.50	2,829,421,213.39	0.38	37.58
Total		773,878,425,352.61	100.00	745,211,833,501.20	100.00	3.85

Other explanations on cost analysis:

□ Applicable √ N/A

(4). Major customers and suppliers√ Applicable N/A

Turnover from top five customers amounts to RMB 8,608,536.65, accounting for 9.69% of the total annual turnover, of which the amount from related parties (based on the definition of the *Stock Listing Rules of the Shanghai Stock Exchange*) is RMB 0, accounting for 0% of the total annual turnover.

Purchase from top five suppliers amounts to RMB 46,925,397.92, accounting for 60.94% of the total annual purchase amount, of which the amount from related parties (based on the definition of the *Stock Listing Rules of the Shanghai Stock Exchange*) is RMB 0, accounting for 0 % of the total annual purchase amount.

3. Expenses√ Applicable N/A

Unit: RMB

Items	2018	2017	Changes (%)
Selling expenses	63,423,027,141.41	61,121,680,109.09	3.77
Administrative expenses	21,336,015,125.43	18,286,379,181.82	16.68
R&D expenses	15,385,012,641.18	13,014,829,032.80	18.21
Financial expenses	195,437,294.67	143,234,567.86	36.45
Income tax expenses	5,939,186,429.07	7,144,915,087.15	-16.88

Note: Analysis of changes in expenses is set out in the analysis table of changes in relevant accounts in income statement and cash flow statement.

4. Research and development expenditures**Research and development ("R&D") expenditures**√ Applicable N/A

Unit: RMB

R&D investments expensed in the current period	15,385,012,641.18
R&D investments capitalized in the current period	536,924,473.37
Total R&D expenditures	15,921,937,114.55
Proportion of R&D expenditures to operating income (%)	1.79
Headcount of R&D personnel	25,541
Proportion of R&D headcount to total employee headcount (%)	10.7
Proportion of capitalization of R&D expenditures (%)	3.37

Explanations Applicable √ N/A

5. Cash flows√ Applicable N/A

Unit: RMB

Items	2018	2017	Changes (%)
Net cash flow from operating activities	8,975,654,791.66	24,301,071,935.41	-63.06
Net cash flow from investing activities	9,844,850,629.33	-10,911,784,541.42	190.22
Net cash flow from financing activities	-19,113,689,270.88	-491,078,280.57	-3,792.19

Note: Analysis of changes in cash flows is set out in the analysis table of changes in relevant accounts in income statement and cash flow statement.

(II) Explanations on significant changes in profit arising from non-principal business Applicable N/A**(III) Analysis of assets and liabilities**√ Applicable N/A**1. Assets and liabilities**

Unit: RMB

Items	Amount December 31, 2018	Proportion to total assets (%) December 31, 2018	Amount December 31, 2017	Proportion to total assets (%) December 31, 2017	Changes (%)
Financial assets at fair value through profit or loss	26,561,958,372.83	3.39	4,795,191,451.72	0.66	453.93
Prepayments	18,693,772,988.65	2.39	29,835,194,963.01	4.12	-37.34
Other receivables	16,098,675,531.76	2.06	11,411,476,111.95	1.58	41.07
Other current assets	78,989,593,361.29	10.09	52,012,996,973.19	7.19	51.87
Available-for-sale financial assets	23,930,347,255.24	3.06	64,368,156,943.26	8.90	-62.82
Long-term receivables	6,837,413,269.79	0.87	3,976,345,463.86	0.55	71.95
Goodwill	1,481,372,227.53	0.19	723,671,120.83	0.10	104.70
Other non-current assets	4,841,997,958.74	0.62	2,308,589,510.53	0.32	109.74
Loans from banks and other financial institutions	51,770,000,000.00	6.61	34,930,500,000.00	4.83	48.21
Receipts in advance	15,354,857,292.90	1.96	27,177,408,061.93	3.76	-43.50
Taxes payable	10,574,884,976.00	1.35	17,129,176,844.54	2.37	-38.26
Long-term borrowings	19,157,930,619.58	2.45	6,894,020,462.22	0.95	177.89
Bonds payable	13,374,792,430.97	1.71	7,071,853,349.24	0.98	89.13

Other explanations

- 1) The balance of financial assets at fair value through profit or loss increased by RMB21.767 billion compared with opening balance, mainly due to SFC's adjustment on the financial asset allocation according to the investment strategies and liquidity demand.
- 2) The balance of prepayments decreased by RMB11.141 billion compared with opening balance, mainly due to the decrease in prepayments for joint venture vehicle manufacturing enterprise made by the subsidiary along with the completion and delivery.
- 3) The balance of other receivables increased by RMB 4.687 billion compared with opening balance, mainly due to the increase in the Company's new energy cars subsidy receivable.
- 4) The balance of the other current assets increased by RMB 26.977 billion compared with opening balance, mainly due to SFC's increase in loans to short-term dealers and the individual consumption loans.
- 5) The balance of available-for-sale financial assets decreased by RMB 40.438 billion compared with opening balance, mainly due to SFC's sale of its original financial products over the current period.
- 6) The balance of long-term receivables increased by RMB 2.861 billion compared with opening balance, mainly due to Anji Logistics' business scale expansion, increasing receivables under finance lease.
- 7) The balance of goodwill increased by RMB 0.758 billion compared with opening balance, mainly due to HASCO Motor's acquisition of the equity of Huayu Vision at a premium over the current period.
- 8) The balance of other non-current assets increased by RMB 2.533 billion compared with opening balance, mainly due to SAIC-GMAC's issuance of subprime asset-backed securities, increasing involved assets.
- 9) The balance of loans from banks and other financial institutions increased by RMB 16.84 billion compared with opening balance, mainly due to SFC's business expansion, increasing liquidity demand and loans from banks and other financial institutions.
- 10) The balance of receipts in advance decreased by RMB 11.823 billion compared with opening balance, mainly due to decrease in advances received for the effect of market sales.
- 11) The balance of taxes payable decreased by RMB 6.554 million compared with opening balance, mainly due to the Company's payment of the taxes that were payable but not paid in prior year.
- 12) The balance of long-term borrowings increased by RMB 12.264 billion, mainly due to the Company's increase in borrowings for its business development demand.
- 13) The balance of bonds payable increased by RMB 6.303 billion, mainly due to SFC's issuance of bonds of non-banking financial institutions over the current period.

2. Restriction of significant assets as at December 31, 2018

Applicable N/A

Please refer to Note (VIII) 76 to the financial statements for details.

3. Other explanations

Applicable N/A

(IV) Analysis on operational data in automotive industry

Applicable N/A

Details are as follows:

Analysis of operation data for automotive manufacturing

1. Production capacity√ Applicable N/A**Existing production capacity**√ Applicable N/A

Unit: 0'000 (vehicles)

Major manufactures	Designed production capacity	Production capacity in the reporting period	Utilization rate (%)
SAIC VOLKSWAGEN	184.8	209.7	113
SAIC GM	190.8	196.0	103
SAIC Passenger Vehicle	68.0	71.1	105
SGMW	176.0	195.5	111
SAIC Maxus	32.5	12.6	39
Shanghai Sunwin	0.2	0.1	41
IVECO Hongyan, SAIC – IVECO Hongyan	4.0	5.6	139
Nanjing Iveco	6.0	3.1	51
SAIC Motor-CP	4.0	2.9	71
SAIC-GM-WULING MOTOR INDONESIA	6.0	1.2	21

Note: As SAIC-GM-WULING MOTOR INDONESIA started the sale of vehicles since 2018, the production capacity during the reporting period has been transferred out from SAIC-GM-WULING MOTOR.

Capacity under construction√ Applicable N/A

Unit: RMB 0'000

Plant under construction	Planned investment	Amount invested in the period	Accumulated investment	Estimated completion date	Estimated capacity (Vehicles)
MEB Plant of SAIC VOLKSWAGEN	818,700	65,000	65,000	2020	240,000
SAIC Passenger Vehicle Zhengzhou Base, Phase II	535,980	363,450	363,450	2019	240,000
SAIC Passenger Vehicle Ningde Base	500,000	426,870	426,870	2019	240,000
MG Indian Plant	76,812	38,602	72,066	2019	56,000
IVECO Hongyan, SAIC-IVECO Hongyan	25,200	11,200	11,200	2019	35,000

Capacity calculation criteria√ Applicable N/A

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

2. Sales and production of vehicles√ Applicable N/A

By vehicle type√ Applicable N/A

Categories	Sales (Volume)			Production (Volume)		
	2018	2017	Changes (%)	2018	2017	Changes (%)
Basic passenger car	3,356,466	3,386,044	-0.87	3,351,363	3,417,808	-1.94
Sports utility vehicle (SUV)	1,842,871	1,768,437	4.21	1,862,903	1,802,529	3.35
Multi-purpose vehicle (MPV)	963,028	1,033,297	-6.80	930,623	1,022,798	-9.01
Cross passenger car	306,920	336,478	-8.78	277,521	329,027	-15.65
Bus	62,314	60,151	3.60	62,648	59,506	5.28
Truck	520,135	345,716	50.45	492,860	355,687	38.57
Total	7,051,734	6,930,123	1.75	6,977,918	6,987,355	-0.14

By region√ Applicable N/A

Categories	Sales in domestic market (Volume)			Sales in overseas market (Volume)		
	2018	2017	Changes (%)	2018	2017	Changes (%)
Basic passenger car	3,201,699	3,291,019	-2.71	154,767	95,025	62.87
Sports utility vehicle (SUV)	1,758,497	1,726,242	1.87	84,374	42,195	99.96
Multi-purpose vehicle (MPV)	947,725	1,019,229	-7.02	15,303	14,068	8.78
Cross passenger car	298,874	326,921	-8.58	8,046	9,557	-15.81
Bus	58,334	56,392	3.44	3,980	3,759	5.88
Truck	509,735	339,948	49.94	10,400	5,768	80.31
Total	6,774,864	6,759,751	0.22	276,870	170,372	62.51

3. Sales and production of auto parts Applicable N/A

The Company's businesses of auto parts are mainly operated by HASCO (security code: 600741), a subsidiary controlled by the Company. For details of its business in 2018, refer to the annual report 2018 published on www.sse.com.cn by HASCO (600741).

4. New energy vehicles√ Applicable N/A

Production capacity of new energy vehicles

√ Applicable □ N/A

Major workshops	Designed production capacity (Volume)	Production capacity in the period (Volume)	Utilization rate (%)
SAIC VOLKSWAGEN	-	13,465	-
SAIC GM	-	5,372	-
SAIC Passenger Vehicle	-	103,329	-
SAIC Maxus	-	4,086	-
Shanghai Sunwin	-	482	-
SGMW	-	29,001	-
Nanjing Iveco	-	1,258	-

Sales of new energy vehicles

√ Applicable □ N/A

Categories	Sales (Volume)			Production (Volume)		
	2018	2017	Changes (%)	2018	2017	Changes (%)
Pure electric passenger vehicles	64,993	21,935	196.30	69,160	23,953	188.73
Plug-in hybrid electric passenger vehicles	71,015	36,269	95.80	82,184	38,223	115.01
Pure electric commercial vehicles	5,202	6,145	-15.35	5,350	6,125	-12.65
Plug-in hybrid electric commercial vehicles	0	22	-100.00	2	22	-90.91
Commercial vehicles using fuel cells	310	85	264.71	297	98	203.06
Total	141,520	64,456	119.56	156,993	68,421	129.45

Income and subsidies of new energy vehicles

√ Applicable □ N/A

Unit: RMB 0'000

Categories	Income	Subsidy for new energy vehicles	Proportion of subsidy to revenue (%)
Pure electric passenger vehicles	822,763	254,098	31
Plug-in hybrid electric passenger vehicles	1,339,374	142,950	11
Pure electric commercial vehicles	133,176	34,379	26
Commercial vehicles using fuel cells	2,082	800	38

5. Other explanations

□ Applicable √ N/A

(V) Investment analysis**1. General analysis on equity investment**√ Applicable N/A

The Company is an automotive manufacturing enterprise with an extensive business layout and various types of investments. Only regarding the long-term equity investment, at the end of the reporting period, balance of the Company's long-term equity investment was RMB 70.93 billion, an increase of RMB 3.43 billion compared with opening balance, growing 5.08%. Details of various investments are set out in the notes to the annual report.

(1) Significant equity investment Applicable √ N/A**(2) Significant non-equity investment** Applicable √ N/A**(3) Financial assets at fair value**√ Applicable N/A

Unit: RMB

Items	December 31, 2017	December 31, 2018	Changes	Effects on profits of the period
Financial assets at fair value through profit or loss	4,795,191,451.72	26,561,958,372.83	21,766,766,921.11	-128,038,689.29
Available-for-sale financial assets	64,368,156,943.26	23,930,347,255.24	-40,437,809,688.02	
Financial liabilities at fair value through profit or loss	203,623,811.66	977,399,765.77	773,775,954.11	15,224,021.65
Total	69,366,972,206.64	51,469,705,393.84	-17,897,266,812.80	-112,814,667.64

(VI) Disposal of significant assets and equity Applicable √ N/A**(VII) Analysis of major holding companies and joint stock companies**√ Applicable N/A

Unit: RMB '000

Company name	Business nature	Main products or services	Registered capital	Total assets	Net assets attributable to owners of the company	Total revenue	Net profit attributable to owners of the company
SAIC VOLKSWAGEN	Manufacturing	Manufacturing and sales of vehicles	1,150,000	12,340,540.51	4,493,258.21	25,930,081.61	2,801,606.17
SAIC GM	Manufacturing	Manufacturing and sales of vehicles	USD 108,300	10,918,764.52	3,050,635.13	22,444,426.84	1,562,127.00
SGMW	Manufacturing	Manufacturing and sales of vehicles	166,808	4,786,112.44	983,844.77	10,139,155.00	418,724.44
HASCO	Manufacturing	Manufacturing and sales of auto-parts	315,272	13,368,685.65	4,536,448.39	15,717,023.50	802,717.69
SFC	Finance	Financial service	1,538,000	29,844,820.02	3,147,179.56	1,608,782.74	471,744.92

(VIII) Structured entities controlled by the Company Applicable N/A**III. Discussion and analysis on future development of the Company****(I) Industry structure and development trend** Applicable N/A

Along with constant breakthroughs in significant technologies including internet, big data, artificial intelligence, new energy and new materials, the new round of global automotive reform has already come, and in such reform, forms of automobile products are being redefined, automotive manufacturing is experiencing a profound change and the automobile industrial chain is facing a reorganization. At the same time, as the gradual rise of new generation consumers, the integration of automobile products and services speed up, the emergency of the new business model accelerates to spring up and the automobile industry is re-patterning its format. Thanks to vigorous promotion of state governments and the unremitting endeavors of the automobile enterprises, China has ascended itself to the largest global new energy automotive market with booming and globally leading new technologies and new models like Intelligent & Connected Vehicles (ICV) and mobility sharing, and takes the lead in writing the new era of world auto industry.

Despite of some short-term sales fluctuations in the domestic automobile market, in the long run, China has profound economic growth potential, gradient difference in the urban and rural and regional development, improving residents' purchasing power and strategic opportunity brought about by wider opening up, all of which provide great space for a long-term development of automobile market in China, and overseas market, especially "one belt and one road" emerging market also has a brilliant future; meanwhile, new connotation and life are endowed to the automobile industry by the ascendant development of new energy vehicles, ICV and mobility service, together with the increasingly evident development characteristics of structured optimization, upgraded service experience, new technologies and new models.

Besides, from the perspective of the present market situation, there are still a lot of structured opportunities in the domestic auto market only if the macroeconomic operation could be kept in a reasonable range: firstly, the automobile consumption demand is expected to be shored up along with the implementation of a series of consumption-stimulating policies including enterprise tax and fee reduction and individual income tax deduction; secondly, new energy vehicle market will still keep a fast growth trend in the wake of constant promotion of technical function and market maturity as well as increasingly rich new energy product supply; thirdly, the stabilization and recovery of investment of capital construction will drive the market requirement in heavy trucks; fourthly, the advancement and implementation of state "three-year action plan for winning the blue-sky protection campaign" will further accelerate the replacement of vehicle under the Stage 3 national emission standards and below, and spur on the market demands of new energy products in the areas like logistics, public transportation and municipal administration.

It is estimated that the domestic sales of vehicles in 2019 will reach 26.75-28.15 million, increased by -5%-0% year-on-year, including approximately 22.30-23.70 million of passenger vehicles with a year-on-year increase of -5.9%-0%, and 4.45 million of commercial vehicles, staying unchanged basically.

(II) The Company's development strategy√ Applicable N/A

The Company will firmly grasp the major orientation of progress in science and technology, the bigger picture of market evolution, the general trend of changes in the industry, make a deeper advancement of “new four modernizations—electrification, intelligent networking, sharing and internationalization” strategy, insist in the philosophy of “innovation-leading, breakthrough at key points, promotion with successful experiences in selected units, and advancement in a proper order”, deeply lay out and carry forward innovation chain construction while grasping market structured opportunity and promoting operational performance so as to spare no effort to seize vantage ground and commanding height, and accelerate to push the business transformation and upgrading in the process of reconstitution of global automobile industry value chain, striding forward globally competitive and influential comprehensive provider for traffic service and products.

On the research and development end, the Company makes breakthroughs focused on key technologies including new energy and intelligent networking, and keeps creating technical advantages. On the manufacturing end, the Company accelerates digitalized and customized manufacturing method and unceasingly steps towards high-class manufacturing and intelligent manufacturing. On the user end, the Company emphatically breaks through new business models including mobility platform, intelligent logistics and financial services and keeps opening up new space for transformation and development. On the market end, the Company provides capacity to expand domestic and international markets with advantages in innovative technology and services, and keeps improving brand competitiveness and international influence, presenting a brand image of SAIC with innovative vitality, technology charisma and sincere service.

The Company is to become a domestic leading auto group in technology and market in the field of new four modernizations by 2020; and become a comprehensive supplier of mobility services and products that is globally competitive and influential by 2025.

(III) Business plan√ Applicable N/A

In 2019, the Company will adhere to work keynote to seek for improvement on a steady basis guided by President Xi Jinping's thought on socialism with Chinese's characteristics for a new era, fighting its way to practice hard skill and seize opportunity to overcome difficulties to ensure smooth, steady and health development of operation fundamentals; steadfastly persevere in innovation, and push hard to ensure success in the “three battles”—digital transformation, mobility platform construction and international operation centered on “new four modernizations” strategy so as to promote development, quality, brand and benefits by innovation, keep a high-quality progress and accelerate and advance business transformation and upgrading. The Company strives to achieve an annual sales of 7.1 million vehicles, and has expected a total operating income of RMB 906.5 billion and a total operating cost of RMB 777.5 billion for the year 2019.

In 2019, the Company's major operating tasks are 1) to grasp the market chances, seize opportunities of increments in new energy vehicles, optimize business structure, deepen lean management, and elevate intelligent manufacturing level; 2) to continuously improve the key deployment of new energy and ICV industry chain, focus on user trigger point and use scenarios, and accelerate the implementation of project results; 3) to continuously advance mobility service platform construction, and accelerate the realization of data sharing, technology sharing and eco-commons; 4) to strengthen financial service ecosystem construction, enhance business resource innovation and synergy, and further improve technological content and service efficiency of financial business; 5) to accelerate and expand overseas sales scale, improve brand and product series and spectrum management, strengthen overseas base and

improve profitability; 6) to deepen reform and innovation mechanism construction, intensify innovation talent agglomeration, promote stimulating innovation efficiency, and heighten innovation and entrepreneurship vitality; 7) to continuously make great efforts for brand building and market capitalization management, make resource integrated to improve spread volume, intensify the communication with capital market, and shore up the confidence of investors.

(IV) Potential risks

Applicable N/A

Major risks that the Company may be exposed to are as follows: 1) it is still under great pressure due to the downturn of macro economy, and is faced with great uncertainties in the Sino-US trade issues and global economic environment; 2) due to the weak confidence in consumption of the citizens, enterprises tend to be prudent in investment, which may slow down the domestic automobile sales; 3) adjustments in industrial policies including subsidy for new energy automobiles are likely to increase the fluctuation of domestic automobile market.

(V) Other explanations

Applicable N/A

IV. Explanations on conditions and reasons for undisclosed matters due to regulations or other special reasons

Applicable N/A

Section V Important Events

I. Preliminary proposal for distribution of ordinary shares or capitalization of capital reserve

(I) Determination, implementation and adjustment of policies on cash dividends

√ Applicable N/A

Pursuant to item 164 of the Articles of Association, profit distribution policy of the Company is: (1) Profit distribution of the Company shall reflect a reasonable investment return for the investors and take into account of sustainable development of the Company. Profit distribution policy shall be consistent and stable. (2) The Company can distribute dividends in cash or by stocks, and cash dividend should be considered first. The Company can make mid-year cash dividend distribution. (3) The Company shall make cash dividends distribution when its net profits and accumulated retained profits in the audited financial statements of the Company during the current year are presented in positive figures, and the cash flow of the Company can satisfy the Company's ordinary operation and sustainable development. Total amount for cash dividends distribution by the Company in the current year shall be equal to or exceed 30% of net profits attributable to shareholders of the listed companies in the audited consolidated financial statements in the current year. Cash paid for the repurchase of shares shall be deemed as cash dividends. (4) If the Company does not propose cash dividends distribution plan though it makes profits and accumulated retained profits are presented in positive figures during the current year, independent directors shall issue a clear opinion, meanwhile the Company shall explain in details the reasons for not making profit distribution in the annual report, and the usage of the funds which would otherwise have been used for cash dividend distribution. (5) If circumstance exists that shareholders occupy the funds of the Company which is in violation of the regulations, the occupied amount should be deducted from the shareholder's cash dividend in order to repay the cash the shareholders occupy. (6) When significant changes incur in the Company's operating environment or the Board think it is necessary, the Company will changes the profit distribution policies. During the adjustment of profit distribution policies proposed by the Company, opinions of minority shareholders should be considered, while reasons for the adjustment should be specified by the Board on the basis of an issue of independent opinions from independent directors. Resolution in respect of the adjustment of profit distribution shall be passed by over 2/3 of voting rights held by shareholders who attend the general meeting.

During the reporting period, the Company completed the profit distribution of year 2017. The profit distribution policies comply with the requirements of Article of Association of the Company and the approval process, which has fully protected the interests of investors.

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

Unit: RMB

Year	Stock dividend per 10 shares (shares)	Cash dividend per 10 shares (RMB) (inclusive of tax)	Capital reserve transferred into share capital per 10 shares (share)	Amount of cash dividend (inclusive of tax)	Net profit attributable to shareholders of the listed companies in consolidated financial statements for the year of dividend distribution	Proportion of net profit attributable to the listed company in consolidated financial statements (%)
2018	0	12.60	0	14,721,161,319.90	36,009,210,583.83	40.88
2017	0	18.30	0	21,380,734,297.95	34,410,339,492.71	62.13
2016	0	16.50	0	19,277,711,252.25	32,005,700,516.10	60.23

(III) Particulars of repurchase of shares in cash offer recognized in cash dividends Applicable N/A

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

 Applicable N/A**II. Performance of commitment matters**

(I) Commitments of controlling shareholder, shareholders, related parties, acquirer, companies etc. during the reporting period or sustained to the reporting period

 Applicable N/A

Background	Type	Party	Content	Commitment time and deadline	Is there a deadline for performance?	Is it performed timely and strictly	If not performed in time, specify the reason	If not performed in time, specify the next plan
Commitment relating to refinancing	Restricted shares	SAIC Group	The non-public offering of the Company was completed on January 19, 2017, and SAIC Group, the controlling shareholder, committed that the shares subscribed for this time would not be transferred within 36 months from the issuance date.	2017/1/19 - 2020/1/18	Yes	Yes	N/A	N/A
	Restricted shares	Core Staff Shareholding Plan of SAIC Motor (Changjiang Pension Insurance Co., Ltd., which is entrusted to manage this plan, sets up special products for subscription)	The non-public offering of the Company was completed on January 19, 2017, and the Core Staff Shareholding Plan committed that the shares subscribed for this time will not be transferred within 36 months from the issuance date.	2017/1/19 - 2020/1/18	Yes	Yes	N/A	N/A
	Restricted shares	Zhongyuan Equity Investment Management Co., Ltd., Guangdong Hengjian Investment Holding Co., Ltd., Huarong Huitong Asset Management Co., Ltd., Hebei Port Group Co., Ltd., Ping'an Asset Management Co., Ltd., Minsheng Tonghui Asset Management Co., Ltd.	The non-public offering of the Company was completed on January 19, 2017, and the 6 companies committed that the shares subscribed for this time will not be transferred within 12 months from the issuance date.	2017/1/19 - 2018/1/18	Yes	Yes	N/A	N/A

(II) For assets or projects which the Company has prepared profit forecast and are still within the forecast period in the reporting period, the Company shall state whether the forecasted profits are achieved and explain the reasons.

 Achieved Not achieved N/A

(III) Completion of performance commitment and its effects on goodwill impairment testingApplicable N/A**III. Funds occupation and settlement during the reporting period**Applicable N/A**IV. Explanations on "Non-standard Auditors' Report" issued by certified public accountants**Applicable N/A**V. Analysis and explanation of the Company on reasons and effects of changes in accounting policies and accounting estimates and correction of significant accounting errors****(I) Analysis and explanation of the Company on reasons and effects of changes in accounting policies and accounting estimates**Applicable N/A**(II) Analysis and explanation of the Company on reasons and effect of correction in significant accounting errors**Applicable N/A**(III) Communication with the previous certified public accountants**Applicable N/A**(IV) Other explanations**Applicable N/A**VI. Appointment and dismissal of certified public accountants**

Unit: RMB 0'000

	Current auditor
Domestic certified public accountants	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration paid to domestic certified public accountants	910
Audit period of domestic certified public accountants	13 years

Unit: RMB 0'000

	Name	Remuneration
Certified public accountants for internal control audit	Deloitte Touche Tohmatsu Certified Public Accountants LLP	200
Sponsor	Guotai Junan Securities Co., Ltd.	

Explanations on the appointment and dismissal of certified public accountants

Applicable N/A

Explanations on changing the certified public accountants during the audit period.

Applicable N/A

VII. Risk exposure to the suspension of listing**(I) Reasons for the suspension of listing** Applicable N/A**(II) Measures adopted by the Company to resume listing** Applicable N/A**VIII. Circumstances and reasons for termination of listing** Applicable N/A**IX. Bankruptcy and reorganization** Applicable N/A**X. Significant lawsuit and arbitration** Significant lawsuits and arbitrations for the year No significant lawsuits and arbitrations for the year**XI. Penalty and rectification of the listed companies and their directors, supervisors, senior management, controlling shareholders, actual controllers and acquirers** Applicable N/A**XII. Explanations on credit issue of the listed companies and their controlling shareholder and actual controller during the reporting period** Applicable N/A

During the reporting period, the Company and its controlling shareholder, and actual controller have good credit records.

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

Description of event	Search index
Employee stock ownership plan	No. 2017-003 <i>Announcement on the Resolutions at the Meeting of First Holders for Core Employee Stock Ownership Plan of SAIC</i>
Share option incentive scheme	No. 2017-022 <i>Announcement on the Resolutions at the 6th Session of 16th Board Meeting of SAIC</i>

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

Share option incentive scheme

Applicable N/A

Other explanations

Applicable N/A**Employee stock ownership plan**Applicable N/A**Other incentive schemes**Applicable N/A**XIV. Significant related party transactions of the Company during the reporting period****(I) Significant related party transactions related to daily operations****1. Events that have been disclosed in the temporary announcement but have no progress or change subsequently**Applicable N/A**2. Events that have been disclosed in the temporary announcement and have progresses or changes subsequently**Applicable N/A**3. Events that not been disclosed in the temporary announcement**Applicable N/A**(II) Significant related party transactions related to acquisition and disposal of assets or equity****1. Events that have been disclosed in the temporary announcement but have no progress or change subsequently**Applicable N/A**2. Events that have been disclosed in the temporary announcement and have progresses or changes subsequently**Applicable N/A**3. Events that not been disclosed in the temporary announcement**Applicable N/A**4. Performance achievements involving performance convention in reporting period should be disclosed**Applicable N/A

(III) Significant related party transactions related to external joint investment

1. Events that have been disclosed in the temporary announcement but have no progress or change subsequently

Applicable N/A

2. Events that have been disclosed in the temporary announcement and have progresses or changes subsequently

Applicable N/A

3. Events that not been disclosed in the temporary announcement

Applicable N/A

(IV) Balances due from/to related parties

1. Events that have been disclosed in the temporary announcement but have no progress or change subsequently

Applicable N/A

2. Events that have been disclosed in the temporary announcement and have progresses or changes subsequently

Applicable N/A

3. Events that not been disclosed in the temporary announcement

Applicable N/A

(V) Others

Applicable N/A

XV. Significant contracts and performance of contracts

(I) Trusteeship, contracting and leasing

1. Trusteeship

Applicable N/A

2. Contracting

Applicable N/A

3. Leasing

Applicable N/A

(II) Guarantee√ Applicable N/A

Unit: RMB 0'000

General information of guarantee (except guarantee provided for subsidiaries)												
Guarantor	Relationship	Guarantee	Amount of guarantee	Signed date of guarantee	Starting date of guarantee	Ending date of guarantee	Type of guarantee	Completion of guarantee	Overdue of guarantee	Overdue amount of guarantee	Counter guarantee	Related party guarantee
HUAYU Automotive Systems Co., Ltd.	Holding subsidiary	HUAYU KS Alu Tech GmbH	15,694.60	2018/6/28	2018/6/28	2019/6/30	Joint and several liability guarantee	No	No	-	No	No
Total amount of guarantee incurred during the reporting period (except guarantee provided for subsidiaries)						15,694.60						
Total balance of guarantee at the end of the reporting period(A) (except guarantee provided for subsidiaries)						9,473.47						
Guarantee provided to subsidiaries by the Company and its subsidiaries.												
Total amount of guarantees provided for subsidiaries during the reporting period						211,800.60						
Total balance of guarantees provided for subsidiaries at the end of the reporting period(B)						445,866.59						
Total amount of guarantees provided (including guarantee provided for subsidiaries)												
Total amount of guarantees provided (A and B)						455,340.06						
Proportion of total amount of guarantee to net assets of the Company (%)						1.94						
Including:												
Amount of guarantee provided for shareholders, actual controller and its related parties (C)						-						
Direct or indirect debt guarantees provided for guaranteed parties whose asset-liability ratio exceeds 70% (D)						448,624.14						
Amount of total guarantee exceeding 50% of net assets (E)						-						
Total amount of guarantee above (C, D and E)						448,624.14						
Explanations on joint liability of undue guarantee						No						
Explanations on the guarantee						No						

(III) Cash asset management by others under entrustment**1. Entrusted financing****(1) General situation of entrusted financing** Applicable N/A**Others** Applicable N/A**(2) Single entrusted financing** Applicable N/A**Others** Applicable N/A**(3) Provision for impairment of entrusted financing** Applicable N/A

2. Entrusted loans

(1) General situation of entrusted loans

Applicable N/A

Unit: RMB 0'000

Type	Source of fund	Amount incurred	Undue balance	Amount due but not collected
Entrusted loans	Self-owned funds	400,590	1,158,914	-

Others

Applicable N/A

Single entrusted loan

Applicable N/A

Unit: RMB 0'000

Borrower	Type	Amount	Inception date	Maturity date	Source of fund	Usage of fund	Method of compensation payment	Annual yield	Actual gains or losses	If under statutory procedures
SAIC Maxus Vehicle Co., Ltd	Entrusted loans	30,000	2018.05.25	2019.05.24	Self-owned funds	Working capital	As per agreement	2.75%	506.46	Yes
SAIC Maxus Vehicle Co., Ltd	Entrusted loans	30,000	2018.06.22	2019.06.21	Self-owned funds	Working capital	As per agreement	2.75%	442.29	Yes
SAIC Maxus Vehicle Co., Ltd	Entrusted loans	30,000	2018.08.10	2019.08.09	Self-owned funds	Working capital	As per agreement	2.75%	330.00	Yes
SAIC Motor Transmission Co., Ltd.	Entrusted loans	20,000	2018.04.27	2019.12.31	Self-owned funds	Working capital	As per agreement	3.25%	449.58	Yes
Shanghai Automotive International Trade Co. Ltd.	Entrusted loans	4,200	2018.10.08	2019.10.07	Self-owned funds	Working capital	As per agreement	2.00%	19.83	Yes
SAIC Motor Equity Investment Co., Ltd	Entrusted loans	30,000	2018.09.19	2019.09.18	Self-owned funds	Working capital	As per agreement	2.00%	173.33	Yes
SAIC Motor Equity Investment Co., Ltd	Entrusted loans	15,000	2018.09.19	2020.09.18	Self-owned funds	Working capital	As per agreement	2.10%	91.00	Yes
SAIC Luxemburg Co., Ltd.	Entrusted loans	USD 3,670	2016.09.07	2021.09.07	Self-owned funds	Working capital	As per agreement	1.00%	USD 37.21	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 12,000	2014.09.19	2024.09.11	Self-owned funds	Working capital	As per agreement	0.30%	USD 36.50	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 3,000	2014.09.19	2024.09.11	Self-owned funds	Working capital	As per agreement	3.00%	USD 91.25	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 7,000	2015.01.28	2025.01.28	Self-owned funds	Working capital	As per agreement	0.30%	USD 21.29	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 8,000	2015.01.29	2025.01.29	Self-owned funds	Working capital	As per agreement	0.30%	USD 24.33	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 10,000	2015.01.30	2025.01.30	Self-owned funds	Working capital	As per agreement	0.30%	USD 30.42	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 35,980	2015.05.19	2025.04.30	Self-owned funds	Working capital	As per agreement	0.30%	USD 109.44	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 20,000	2016.06.29	2026.06.29	Self-owned funds	Working capital	As per agreement	0.30%	USD 60.83	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 10,000	2016.07.08	2026.07.08	Self-owned funds	Working capital	As per agreement	0.30%	USD 30.42	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 10,000	2016.08.03	2026.08.03	Self-owned funds	Working capital	As per agreement	0.30%	USD 30.42	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 10,000	2016.10.11	2026.10.11	Self-owned funds	Working capital	As per agreement	0.30%	USD 30.42	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	40,000	2017.02.08	2022.02.28	Self-owned funds	Working capital	As per agreement	1.50%	608.33	Yes
Shanghai Shanghong Real Estate Co., Ltd.	Entrusted loans	54,000	2015.12.24	2020.12.23	Self-owned funds	Working capital	As per agreement	3.00%	1,642.50	Yes
Shanghai Shangyuan Investment Management Co., Ltd.	Entrusted loans	1,400	2018.11.07	2019.11.06	Self-owned funds	Working capital	As per agreement	2.18%	4.65	Yes
Shanghai Sunwin Bus Co., Ltd.	Entrusted loans	12,500	2018.03.22	2020.03.21	Self-owned funds	Working capital	As per agreement	2.10%	207.81	Yes
Yizheng Automotive Industry Park Investment & Development Service Center	Entrusted loans	2,000	2018.12.17	2019.12.17	Self-owned funds	Working capital	As per agreement	1.50%	1.25	Yes

Others

Applicable N/A

(3) Provision for impairment of entrusted loans Applicable N/A**3. Others** Applicable N/A**(IV) Other significant contracts** Applicable N/A**XVI. Explanations on other significant matters** Applicable N/A**XVII. Active fulfilment of social responsibility****(I) Poverty alleviation by listed companies** Applicable N/A

The Company and its affiliated companies actively responded to the government's demand for a "Targeted Poverty Alleviation" battle and carried out poverty alleviation centering on industry, employment, education and health. During the reporting period, the Company and its affiliated companies actively participated in all kinds of social welfare undertakings and donated money and things equivalent to RMB 41 million in various ways including school-enterprise cooperation, charitable donation, assistance in construction and country doctor training plan. Refer to the Company's 2018 Social Responsibility Report (announced in www.sse.com.cn) for details.

(II) Achievement of fulfilling social responsibility Applicable N/A

For details, refer to the Company's 2018 Social Responsibility Report (announced in www.sse.com.cn).

(III) Environmental information**1. Explanations on environment protection of companies and their subsidiaries listed as key pollutant discharging units by the State Environmental Protection Department** Applicable N/A**(1) Pollution discharge** Applicable N/A

SAIC Motor attached great importance to environment protection work, and has set up environmental protection leading group and work group especially to advance environmental protection institution and system construction and implement environmental protection policies strictly. During the reporting period, the relevant environmental protection information of the important subsidiaries of the Company (mainly refer to the holding companies) such as SAIC VOLKSWAGEN, SAIC GM and SGMW is as follows: the pollutants involve the categories including wastewater, exhaust gas and solid waste, and major pollutants include chemical oxygen demand (COD), ammonia nitrogen (NH₃-N), nitric oxide (NO_x), sulfur dioxide (SO₂) and etc. Wastewater, including industrial wastewater and sanitary wastewater, when meeting the standards after treatment, should be discharged to local sewage treatment plant through connecting facility for processing in a centralized manner, exhaust gas should be

discharged at high altitude after collection and treatment, and solid wastes should be disposed properly through separation and collection. Hazardous waste shall be entrusted to eligible unit for treatment. The Company strictly implements duplicate form system and standing book management system.

The implemented discharge standards of pollutants include state standards, local standards where the enterprise is located and industrial standard. The major standards implemented include: wastewater discharge is applicable to *Comprehensive Sewage Discharge Standards (GB8978-1996)*: maximum acceptable emission concentration standard of class-1 pollutants, nickel $\leq 1.0\text{mg/L}$, maximum acceptable emission concentration standard of class-2 pollutants, COD $\leq 500\text{mg/L}$; *Wastewater Quality Standards for Discharge to Municipal Sewers (GB/T 31962-2015)*: nickel $\leq 1.0\text{mg/L}$, COD $\leq 500\text{mg/L}$, $\text{NH}_3\text{-N}$ $\leq 45\text{mg/L}$, total phosphorus $\leq 45\text{mg/L}$; *Integrated Wastewater Discharge Standard of Shanghai (DB31/199-2009)* Grade A Standard: nickel $\leq 0.1\text{mg/L}$, etc.; exhaust emission is applicable to *Integrated Emission Standard of Air Pollutants (GB16297-1996)* Grade II Standard: SO_2 $\leq 550\text{mg/m}^3$, NO_x $\leq 240\text{mg/m}^3$, NMHC $\leq 120\text{mg/m}^3$; *Integrate Emission Standards of Air Pollutants (DB31/933-2015)*: SO_2 $\leq 100\text{mg/m}^3$, NO_x $\leq 150\text{mg/m}^3$, particulate matter emission concentration $\leq 20\text{mg/m}^3$, NMHC $\leq 30\text{mg/m}^3$; *Emission Standard of Air Pollutants for Industrial Furnaces and Kilns (DB31/860-2014)*: NO_x $\leq 200\text{mg/m}^3$, SO_2 $\leq 100\text{mg/m}^3$, PM $\leq 20\text{mg/m}^3$; *Emission Standards of Air Pollutants for Automobile Manufacturing Industry (Coating) (DB31/859-2014)*: particulate matter emission concentration $\leq 20\text{mg/m}^3$, NMHC emission concentration $\leq 30\text{mg/m}^3$; *Emission Standard of Air Pollutants for Boiler (GB13271-2014)* gas-fired boiler standard: SO_2 $\leq 50\text{mg/m}^3$, NO_x $\leq 200\text{mg/m}^3$; *Emission Standard of Air Pollutants for Boilers (DB31/387-2018)*: NO_x $\leq 150\text{mg/m}^3$, SO_2 $\leq 20\text{mg/m}^3$, PM $\leq 20\text{mg/m}^3$, etc.; noise is applicable to *Emission Standard for Industrial Enterprises Noise at Boundary (GB12348-2008)*, and etc.

During the reporting period, the subsidiaries of the Company (mainly refer to holding companies, excluding HASCO Motor) have 24 wastewater discharge outlets respectively located at Minfeng Road, Hejing Road, Changji Road, Miquan Road, Tashan Road, Yutian Road, Jinjing Road, Jinhui Road, Dongjing Road, West Ring Road and Shuangren Road, etc., 405 exhaust gas discharge outlets respectively distributed at painting workshop, vehicle body workshop, GA workshop, engine workshop, energy center and canteen, etc. Major pollutants include 267 tons of COD, 11 tons of $\text{NH}_3\text{-N}$, 196 tons of NO_x , and 22 tons of SO_2 . SAIC VOLKSWAGEN mainly had the pollutants including COD with average emission concentration of 20.42mg/L , $\text{NH}_3\text{-N}$ with average emission concentration of 0.15mg/L , NO_x with average emission concentration of 50mg/m^3 and SO_2 with average emission concentration of 5mg/m^3 . SAIC GM mainly had the pollutants including COD with average emission concentration of 26.4mg/L , $\text{NH}_3\text{-N}$ with average emission concentration of 3.53mg/L , NO_x with average emission concentration of 6.18mg/m^3 (North Plant and South Plant), 15.75mg/m^3 (Cadillac Plant); SO_2 with average emission concentration of 1.48mg/m^3 (North Plant and South Plant), 1.64mg/m^3 (Cadillac Plant). SGMW mainly had the pollutants including COD with average emission concentration of 67.81mg/L (Hexi Base), 36.67mg/L (Baojun Base); $\text{NH}_3\text{-N}$ with average emission concentration of 2.58mg/L (Hexi Base), 0.95mg/L (Baojun Base); NO_x with average emission concentration of 65.5mg/m^3 (Hexi Base), 55mg/m^3 (Baojun Base); SO_2 with average emission concentration of 4.25mg/m^3 (Hexi Base), 2.34mg/m^3 (Baojun Base). The major pollutants were discharged in accordance with the emission standard specified by environmental protection laws and regulations, and no excessive pollutants were discharged.

(2) Construction and operation of pollution prevention facilities

✓ Applicable N/A

The Company and its affiliated companies carried out pollution prevention work in terms of wastewater, exhaust gas, noise and solid waste, and encouraged to advance third-party governance; maintained governance equipment and facilities regularly to ensure effective pollutant governance and meet the emission standards; entrusted eligible monitoring company annually to monitor wastewater, exhaust gas and noise, etc.; implemented rain and sewage separation and online monitor on water pollutants in heavy-metal-related enterprises; fugitive emissions have been strictly controlled, online monitoring devices for atmospheric pollutants emission have been installed at key atmospheric discharge outlets

such as vehicle painting workshops; carried out industrial noise pollution governance; strictly separated and collected solid wastes and treated them properly; entrusted eligible units to disposed hazardous wastes legally, executed duplicate system and standing book management system strictly, and popularized sludge reduction treatment to hazardous waste. Therefore, facilities and devices for pollution control of SAIC Motor were complete and ran well.

(3) Construction project environmental impact assessment and other environmental protection administrative licensing

Applicable N/A

The Company and its affiliated companies carried out construction project environmental impact assessment following relevant laws and regulations of the *Law of the People's Republic of China on Environmental Impact Assessment* and implemented the "Three Simultaneities (the environmental protection facilities should be designed, constructed and put into operation simultaneously with major facilities)" strictly. During the reporting period, the newly-built, reconstructed and expansion projects have been approved by the environmental protection department and implemented in accordance with laws.

(4) Emergency plans for environmental emergencies

Applicable N/A

The Company and its affiliated companies have prepared emergency plans for environmental emergencies and established emergency organization to ensure to carry out emergency response in a fast, orderly and efficient manner, reduce casualties and economic losses, so as to prevent the occurrence of such emergencies.

(5) Environmental self-monitoring plan

Applicable N/A

The Company and affiliated companies implemented the Self-monitoring Technology Guidelines for Pollution Sources—General Rule issued by the Ministry of Ecology and Environment of the People's Republic of China, prepared self-monitoring plan, and entrusted an eligible monitoring unit to monitor the relevant pollutant discharge outlets as required to ensure that the discharge of all the pollutants have met the standards and requirements. The key monitor enterprise disclosed the environmental monitoring data on the environmental information platform of local environmental protection bureau.

(6) Other environmental information that should be disclosed

Applicable N/A

2. Explanations on the environmental protection of the companies other than key pollutant discharging units

Applicable N/A

For the detailed environmental protection of HASCO Motor (stock code: 600741), an important subsidiary of the Company, see the annual report for 2018 of HASCO Motor released on Shanghai Stock Exchange (www.sse.com.cn).

As an important subsidiary of the Company, SFC is a non-banking financial institution not involving production and manufacturing, and has no industrial wastewater and industrial exhaust gas discharged.

As a leader in the domestic automotive industry, the Company has advanced the implementation of ISO14001 environmental management system continuously, and directed the affiliated companies to observe environmental protection laws and regulations and execute the environmental emission standards strictly in the day-to-day operation and project construction. Meanwhile, the Company required the affiliated companies to give full expression to the environmental protection and sustainable development, etc. in the preparation of long-term development plan so as to include the environmental requirements and planning into the medium- and long-term business development plan and corporate operating decisions comprehensively as important elements of enterprise development, and thereby promote further upgrade and transformation of enterprises, help to achieve industrial high-end level in the aspect of manufacturing level in the environmental protection, creating value for the society.

3. Explanations on the reason why the companies other than key pollutant discharging units did not disclose environmental information

Applicable N/A

4. Explanations on the subsequent progress or changes of the environmental information disclosed during the reporting period

Applicable N/A

(IV) Other explanations

Applicable N/A

XVIII. Convertible bonds of the Company

(I) Issue of convertible bonds

Applicable N/A

(II) Holders and guarantors of convertible bonds during the reporting period

Applicable N/A

(III) Changes in convertible bonds during the reporting period

Applicable N/A

Accumulative transfer of convertible bonds during the reporting period

Applicable N/A

(IV) Previous price adjustments on convertible bonds

Applicable N/A

(V) The Company's liability and credit changes and cash arrangements for future debt repayment

Applicable N/A

(VI) Other explanations on convertible bonds

Applicable N/A

Section VI Changes in Ordinary Shares and Shareholders

I. Changes in share capital of ordinary shares

(I) Statement of changes in ordinary shares

1. Statement of changes in ordinary shares

Unit: share

	Before the change		Increase / Decrease (+, -)		After the change	
	Number	Ratio (%)	Others	Sub-total	Number	Ratio (%)
I. Restricted shares	657,894,736	5.63	-477,866,228	-477,866,228	180,028,508	1.54
II. Unrestricted tradable shares	11,025,566,629	94.37	477,866,228	477,866,228	11,503,432,857	98.46
1. RMB ordinary shares	11,025,566,629	94.37	477,866,228	477,866,228	11,503,432,857	98.46
2. Domestically listed foreign shares						
3. Overseas listed foreign shares						
4. Others						
III. Total ordinary shares	11,683,461,365	100.00	0	0	11,683,461,365	100.00

2. Explanations on changes in ordinary shares

Applicable N/A

The Company published the *Announcement on Listing and Circular of Non-public Offering of Restricted Shares* (refer to www.sse.com.cn for details) on January 13, 2018, the number of restricted shares to be listed was 477,866,228 shares and the listing date was January 19, 2018. From January 19, 2018, the Company has 180,028,508 restricted tradable shares and 11,503,432,857 unrestricted tradable shares, and there are 11,683,461,365 ordinary shares in total.

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

Applicable N/A

4. Other content the Company considers necessary or required to be disclosed by regulators

Applicable N/A

(II) Changes in restricted shares√ Applicable N/A

Unit: share

Name of shareholders	Number of restricted shares at the beginning of year	Number of restricted shares released for the year	Number of restricted shares increased for the year	Number of restricted shares at the end of the year	Reason for restriction	Date of release
Zhongyuan Equity Investment Management Co., Ltd.	87,719,736	87,719,736	0	0	Non-public offering	January 19, 2018
Guangdong Hengjian Investment Holding Co., Ltd.	87,719,298	87,719,298	0	0	Non-public offering	January 19, 2018
Huarong Huitong Asset Management Co., Ltd.	87,719,298	87,719,298	0	0	Non-public offering	January 19, 2018
Hebei Port Group Co., Ltd.	87,719,298	87,719,298	0	0	Non-public offering	January 19, 2018
Ping'an Asset Management Co., Ltd.	87,719,298	87,719,298	0	0	Non-public offering	January 19, 2018
Minsheng Tonghui Asset Management Co., Ltd.	39,269,300	39,269,300	0	0	Non-public offering	January 19, 2018
Total	477,866,228	477,866,228	0	0	/	/

II. Shares issuing and listing**(I) Securities issuing as at the reporting period** Applicable N/A

Explanations on securities issuing as at the reporting period (Please specify separately for bonds with different interest rate in the duration):

 Applicable N/A**(II) Changes in the Company's total ordinary shares and shareholders' structure, as well as assets and liabilities** Applicable N/A**(III) Existing shares held by internal employees** Applicable N/A**III. Shareholders and actual controller****(I) Total number of shareholders**

Total number of ordinary shareholders at the end of the reporting period	119,969
Total number of ordinary shareholders at the end of last month prior to the announcement of the annual report	163,292

(II) Shareholding of top ten shareholders, and top ten circulating shareholders (or shareholders of non-restricted shares) as at the end of reporting period

Unit: share

Top ten shareholders							
Name of shareholder	Increase/decrease during reporting period	Number of shares held at the end of the period	Proportion (%)	Number of restricted shares held	Number of shares pledged or frozen		Nature of shareholders
					Status	Number	
Shanghai Automotive Industry Corporation (Group)	-	8,323,028,878	71.24	131,578,947	None		Stated-owned legal person
Yuejin Motor (Group) Corporation	-	413,919,141	3.54	-	None		Stated-owned legal person
China Securities Finance Corporation Limited	-67,363,314	349,768,497	2.99	-	None		Unknown
Hong Kong Securities Clearing Company Ltd	56,126,223	322,639,807	2.76	-	None		Unknown
Zhongyuan Equity Investment Management Co., Ltd.	10,257,976	120,139,850	1.03	-	None		Unknown
Zhonghai Trust Co., Ltd. – Central China Equity Value No. 1 Single-asset Trust	-	111,200,000	0.95	-	None		Unknown
Central Huijin Investment Ltd.	-	100,754,000	0.86	-	None		Unknown
Hebei Port Group Co., Ltd.	-	87,719,298	0.75	-	None		Unknown
Guangdong Hengjian Investment Holding Co., Ltd.	-8,008,200	79,711,098	0.68	-	None		Unknown
Huarong Huitong Asset Management Co., Ltd.	-8,651,400	79,067,898	0.68	-	None		Unknown
Top ten shareholders of non-restricted shares							
Name of shareholders	Number of non-restricted shares held	Type of shares and number					
		Type	Shares				
Shanghai Automotive Industry Corporation (Group)	8,191,449,931	Ordinary shares in RMB	8,191,449,931				
Yuejin Motor (Group) Corporation	413,919,141	Ordinary shares in RMB	413,919,141				
China Security Finance Corporation Limited	349,768,497	Ordinary shares in RMB	349,768,497				
Hong Kong Securities Clearing Company Ltd	322,639,807	Ordinary shares in RMB	322,639,807				
Zhongyuan Equity Investment Management Co., Ltd.	120,139,850	Ordinary shares in RMB	120,139,850				
Zhonghai Trust Co., Ltd.-Zhongyuan Equity Value No.1 Single Fund Trust	111,200,000	Ordinary shares in RMB	111,200,000				
Central Huijin Investment Ltd.	100,754,000	Ordinary shares in RMB	100,754,000				
Hebei Port Group Co., Ltd.	87,719,298	Ordinary shares in RMB	87,719,298				
Guangdong Hengjian Investment Holding Co., Ltd.	79,711,098	Ordinary shares in RMB	79,711,098				
Huarong Huitong Asset Management Co., Ltd.	79,067,898	Ordinary shares in RMB	79,067,898				
Explanations on the related relationship or concerted actions among the above shareholders	Among the top 10 shareholders, Shanghai Automotive Industry Corporation (Group) and other 9 shareholders have no related relationships or persons acting in concert as regulated in <i>Administrative Rules on Acquisition of Listed Company</i> . It is unknown whether other 9 shareholders have related relationships or persons acting in concert.						

Number of restricted shares held by the top ten shareholders and the restricted conditions

Applicable N/A

Unit: share

Item	Name of shareholder with restricted condition	Number of restricted shares held	Condition of restricted shares available for listing and trading		Restricted condition
			Date	Number of new shares available for listing and trading	
1	Shanghai Automotive Industry Corporation (Group)	131,578,947	January 19, 2020		Non-public offering
2	Core Staff Shareholding Plan of SAIC Motor (Changjiang Pension Insurance Co., Ltd., which is entrusted to manage this plan, sets up special products for subscription)	48,449,561	January 19, 2020		Non-public offering
Explanations on the related relationship or concerted actions among the above shareholders		The above shareholders have no related relationships or persons acting in concert as regulated in <i>Administrative Rules on Acquisition of Listed Company</i> with each other.			

(I) Strategic investors or general legal representative who have been included in top 10 shareholders due to placement of new shares

Applicable N/A

V. Controlling shareholder and actual controller

(I) Controlling shareholder

1 Legal person

Applicable N/A

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

2 Natural person

Applicable N/A

3 Special explanation for the Company that has no controlling shareholder

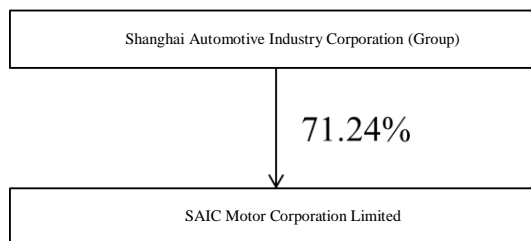
Applicable N/A

4 Index and date of changes in controlling shareholder during the reporting period

Applicable N/A

5 Block diagram of ownership and controlling relationships between the Company and controlling shareholder

Applicable N/A



(II) Actual controller

1 Legal person

Applicable N/A

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

2 Natural Person

Applicable N/A

3 Special explanation for the Company that has no actual controller

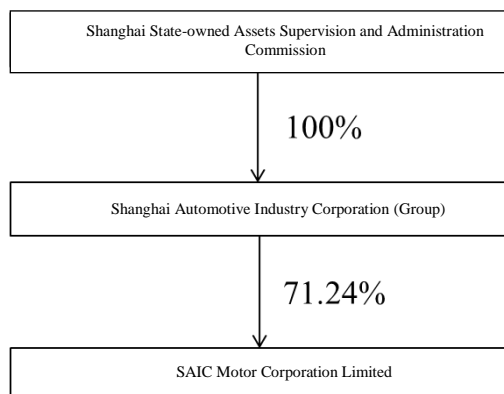
Applicable N/A

4 Index and date of changes in actual controller during the reporting period

Applicable N/A

5 Block diagram of ownership and controlling relationship between the Company and actual controller

Applicable N/A



6 The actual controller controls the Company through trust and other asset management

Applicable N/A

(III) Other explanations about the controlling shareholder and the actual controller

Applicable N/A

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

Applicable N/A

VI. Explanations on reduction of ownership of restricted shares

Applicable N/A

Section VII Preferred Shares

Applicable N/A

Section VIII Directors, Supervisors, Senior Management and Employees

I. Changes in shareholding and remuneration

(I) Changes in shareholding of current and resigned directors, supervisors and senior management during the reporting period and their remuneration

√ Applicable N/A

Unit: share

Name	Position (note)	Gender	Age	Beginning date of term	Ending date of term	Shares held at the beginning of the year	Shares held at the end of the year	Increase/decrease of number of shares held	Reason for the change	Total remuneration before tax received from the Company during the reporting period (RMB 0'000)		Whether received remuneration from related parties of the Company
										Total amount (Including 2017 incentive fund) (before tax)	Including: 2017 incentive fund (before tax)	
Chen Hong	Chairman of the Board	Male	57	2018-6-26	2021-6-25	8,380	8,380	0		192.80	0	No
Chen Zhi Xin	Director, president	Male	59	2018-6-26	2021-6-25					316.64	104.00	No
Wang Jian	Director	Male	64	2018-6-26	2021-6-25					0	0	No
Tao Xin Liang	Independent director	Male	68	2018-6-26	2021-6-25					10.00	0	No
Li Ruo Shan	Independent director	Male	69	2018-6-26	2021-6-25					10.00	0	No
Zeng Sai Xing	Independent director	Male	52	2018-6-26	2021-6-25					5.83	0	No
Zhong Li Xin	Employee representative director	Male	55	2018-6-26	2021-6-25					168.57	0	No
Bian Bai Ping	Chairman of board of supervisors	Male	62	2018-6-26	2021-6-25					0	0	No
Chen Wei Feng	Vice-chairman of board of supervisors	Male	56	2018-6-26	2021-6-25					168.57	0	No
Yi Lian	Supervisor	Male	52	2018-6-26	2021-6-25					0	0	No
Zhu Pei Li	Employee representative supervisor	Female	46	2018-6-26	2021-6-25					174.86	41.71	No
Jiang Bao Xin	Employee representative supervisor	Male	49	2018-6-26	2021-6-25					177.58	44.43	No
Zhou Lang	Vice president	Male	47	2018-6-26	2021-6-25					286.08	93.60	No

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Hui												
Yu Jian Wei	Vice president	Male	58	2018-6-26	2021-6-25					169.36	62.40	No
Chen De Mei	Vice president	Male	56	2018-6-26	2021-6-25					263.62	85.28	No
Wang Xiao Qiu	Vice president	Male	54	2018-6-26	2021-6-25					283.03	92.56	No
Shen Yang	Vice president	Male	57	2018-6-26	2021-6-25					54.92	54.92	No
Lan Qing Song	Vice president	Male	53	2018-6-26	2021-6-25					271.46	88.40	No
Wei Yong	Acting CFO, secretary of the Board	Male	46	2018-6-26	2021-6-25					189.11	47.02	No
Xie Rong	Former director	Male	66	2015-6-18	2018-6-25					0	0	No
Wang Fang Hua	Former independent director	Male	71	2015-6-18	2018-6-25					5	0	No
Ding Ning	Former supervisor	Male	58	2017-11-22	2018-6-25					0	0	No
Cheng Jing Lei	Former chief engineer	Male	51	2015-6-18	2018-6-25					188.48	71.06	No
Wang Jian Zhang	Former secretary of the Board	Female	49	2015-6-18	2018-6-4					187.40	45.31	No
Total	/	/	/	/	/	8,380	8,380	0	/	3,123.31	830.69	/

Note: 1. During the reporting period, in accordance with relevant regulations and the tenure assessment results for 2015-2017 and performance assessment result for 2017, the remuneration of the Company's senior management as disclosed included a part of tenure incentives for 2015-2017, the annual performance salary for 2017 and medium- and long-term incentives for 2017 that had been honored.

2. During the reporting period, the professional managers from senior management of the Company obtained the incentive fund for 2017 and medium- and long-term incentives for 2017.

Name	Major working experience
Chen Hong	He served as secretary of the Party Committee, president and vice chairman of the Board of SAIC Motor Corporation Limited. He is the chairman of the Board and secretary of the Party Committee of SAIC Motor Corporation Limited.
Chen Zhi Xin	He served as executive vice president of SAIC Motor Corporation Limited and general manager of passenger vehicle branch; president, vice secretary of the Party Committee of SAIC Motor Corporation Limited and general manager of passenger vehicle branch. He is currently director, president and secretary of the Party Committee of SAIC Motor Corporation Limited.
Zhong Li Xin	He served as assistant to president, and director of president office of SAIC Motor Corporation Limited; chairman of the labor union and assistant to president, director of president office; chairman of the labor union and director of president office. He is currently staff representative director and chairman of the labor union of SAIC Motor Corporation Limited.

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Wang Jian	He served as secretary of the Party Committee and director of Shanghai SASAC, chairman of the Board and deputy secretary of the Party Committee of Shenergy Group Company Limited; secretary of the Party Committee and chairman of the Board; the vice chairman of the Board of China Pacific Insurance (Group) Co., Ltd. He is currently director of SAIC Motor Corporation Limited.
Tao Xin Liang	He currently serves as dean of Intellectual Property Academy of Dalian University of Technology, honorary dean of Intellectual Property Academy of Shanghai University, and an independent director at SAIC Motor Corporation Limited.
Li Ruo Shan	He served as deputy dean of School of Management, director of accounting department and director of finance department of Fudan University; deputy president of Shanghai Institute of Accounting and Shanghai Institute of Audit; and independent directors of CPIC, Sinochem International and other listing companies. He is currently academic director of Professional Master of Accounting of School of Management of Fudan University, member of Shanghai SASAC and an independent director of SAIC Motor Corporation Limited.
Zeng Sai Xing	He is currently director and professor of Department of Innovation and Strategy of Antai College of Economics and Management of Shanghai Jiao Tong University, and independent director of SAIC Motor Corporation Limited.
Bian Bai Ping	He served as secretary of Changning District, Shanghai. He is currently the chairman of board of supervisors of SAIC Motor Corporation Limited and Shanghai City Investment (Group) Co., Ltd.
Chen Wei Feng	He served as a party member and the chief of management department of the Party Committee in SAIC Motor Corporation Limited. He currently serves as vice chairman of board of supervisors, and secretary of discipline inspection commission in SAIC Motor Corporation Limited.
Yi Lian	He served as deputy director general of Economic Responsibility Audit Division (Internal Audit Guidance Office) of Shanghai Municipal Audit Bureau. He is currently supervisor of SAIC Motor Corporation Limited.
Jiang Bao Xin	He served as the CFO of Shanghai Diesel Engine Co., Ltd and vice director of audit office in Shanghai Motor Corporation Limited. He currently serves as staff representative supervisor and director of audit office in Shanghai Motor Corporation Limited.
Zhu Pei Li	She used to serve as the secretary of the Party Committee, secretary of the Disciplinary Committee and chairman of the labor union of SSDT, the secretary of the Party Committee, secretary of the Disciplinary Committee and chairman of the labor union of KPSNC. She currently serves as staff representative supervisor, vice director of the Party Committee Office, vice chairman of the labor union, and secretary of the Party Committee of the headquarters of SAIC Motor Corporation Limited.
Zhou Lang Hui	He is currently vice president and vice secretary of the Party Committee of SAIC Motor Corporation Limited.
Yu Jian Wei	He is currently vice president of SAIC Motor Corporation and secretary of the Party Committee of Nanjing Automobile (Group) Corporation concurrently.
Chen De Mei	He is currently vice president of SAIC Motor Corporation Limited.
Wang Xiao Qiu	He served as vice chief economic engineer of SAIC Motor Corporation Limited, general manager of SGM, and general manager of Zebra Technologies Co., Ltd. He is currently vice president of SAIC Motor Corporation Limited, general manager of passenger vehicle branch and director of technology center concurrently.
Shen Yang	He is currently the vice president of SAIC Motor Corporation Limited and general manager of SGMW.
Lan Qing Song	He served as general manager of SAIC Motor Commercial Vehicle Co., Ltd. and general manager of SAIC Maxus. He is currently vice president of SAIC Motor Corporation Limited and general manager of department of commercial vehicle.
Wei Yong	He served as executive director of capital operation department and director of the Board office of Shanghai Motor Corporation Limited. He currently serves as acting CFO, secretary to the Board, securities affairs representative, general manager of securities affairs department, general manager of financial division of SAIC Motor Corporation Limited, general manager of SAIC HK Investment Co., Ltd. and general manager of SAIC Investment Management Co., Ltd.

Other explanations

Applicable N/A**(II) Information of incentive shares awarded to directors, supervisors and senior management during the reporting period**Applicable N/A**II. Information of current and resigned directors, supervisors and senior management during the reporting period****(I) Positions held in shareholders' entity**Applicable N/A

Name	Name of shareholder entity	Position held	Starting date of term	Ending date of term
Chen Hong	Shanghai Automotive Industry Corporation (Group)	Chairman of the Board	2018-3-30	2021-3-29
Zhou Lang Hui	Shanghai Automotive Industry Corporation (Group)	Supervisor	2018-3-30	2021-3-29
Chen De Mei	Shanghai Automotive Industry Corporation (Group)	Director	2018-3-30	2021-3-29

(II) Positions held in other entitiesApplicable N/A

Name	Name of shareholder entity	Position held	Starting date of term	Ending date of term
Chen Hong	HUAYU Automotive Systems Co., Ltd.	Chairman of the Board	2018-6-27	2021-6-26
Chen Zhi Xin	HUAYU Automotive Systems Co., Ltd.	Vice chairman of the Board	2018-6-27	2021-6-26
Zhong Li Xin	HUAYU Automotive Systems Co., Ltd.	Director	2018-6-27	2021-6-26
Zhou Lang Hui	HUAYU Automotive Systems Co.,	Chairman of board of	2018-6-27	2021-6-26

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	Ltd.	supervisors		
Zhou Lang Hui	Shanghai Diesel Engine Co., Ltd.	Chairman of board of supervisors	2018-5-17	2021-5-16
Lan Qing Song	Shanghai Diesel Engine Co., Ltd.	Director	2018-5-17	2021-5-16
Jiang Bao Xin	Shanghai Diesel Engine Co., Ltd.	Supervisor	2018-5-17	2021-5-16

III Remuneration of directors, supervisors and senior management personnel√ Applicable N/A

Decision-making process for remuneration of directors supervisors and senior management	The allowance of independent directors shall be decided by the Board and subject to the approval of general meeting of shareholders. Each independent director may receive allowance of RMB 100,000 each year before tax and the necessary and reasonable costs arising from performing the duties shall be borne by the Company. The Company's non-independent directors shall not receive remuneration for the position of directors. The Company's supervisors shall not receive remuneration for the position of supervisors.
Determination basis of remuneration of directors, supervisors and senior management	According to the Company's medium and long-term strategic planning, annual key work arrangements, and the division of responsibilities of senior management personnel, etc., the performance assessment targets are clarified and assessments are conducted. Senior management personnel' performance pay is related to the results of performance assessment.
Actual payment of remuneration of directors, supervisors and senior management	According to the new round of <i>Company's Incentive Fund Plan (2017-2020)</i> deliberated and approved at the 16 th meeting of sixth session of Board, the Company has implemented the <i>Implementation Scheme of the Company's Incentive Fund Plan in 2017</i> deliberated and approved at the 22 nd meeting of sixth session of Board in 2018, and specific amount of incentive fund has been included in total remuneration payable of the year. According to the tenure assessment results for 2015-2017 and performance assessment result for 2017, the Company's senior management withdrew a part of tenure incentives for 2015-2017 and annual performance salary for 2017 during the reporting period. According to the Proposal for the Implementation of the Company's Professional Manager Scheme deliberated and approved at the 16 th meeting of the sixth session of Board, and the Proposal on Evaluation of the Tenure for 2015-2017 and Performance Assessment for 2017 of the Company's Professional Managers, the professional managers in the Company's senior management withdrew the medium- and long-term incentives for 2017.
Total remuneration of all directors supervisors and	RMB 31.2331 million

senior management received by the end of the reporting period	
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IV. Alteration of directors, supervisors and key management personnel

√ Applicable N/A

Name	Position	Changes	Reason for the change
Chen Hong	Chairman of the Board	Election	Elected as director through general meeting of shareholders due to change of the Board, and elected as chairman of the Board by the Board
Chen Zhi Xin	Director and president	Election	Elected as director through general meeting of shareholders due to change of the Board, and appointed as president by the Board
Wang Jian	Director	Election	Elected through general meeting of shareholders due to change of the Board
Tao Xin Liang	Independent director	Election	Elected through general meeting of shareholders due to change of the Board
Li Ruo Shan	Independent director	Election	Elected through general meeting of shareholders due to change of the Board
Zeng Sai Xing	Independent director	Election	Elected through general meeting of shareholders due to change of the Board
Zhong Li Xin	Staff representative director	Election	Elected through 1 st joint meeting of the third session of congress of workers and staff of the Company
Bian Bai Ping	Chairman of the board of supervisors	Election	Elected as supervisor through general meeting of shareholders due to change of the board of supervisors, and elected as chairman of the board of supervisors by the board of supervisors
Chen Wei Feng	Vice chairman of the board of supervisors	Election	Elected as supervisor through general meeting of shareholders due to change of the board of supervisors, and elected as vice chairman of the board of supervisors by the board of supervisors
Yi Lian	Supervisor	Election	Elected through general meeting of shareholders due to change of the board of supervisors
Zhu Pei Li	Staff representative supervisor	Election	Elected through 1 st joint meeting of the third session of congress of workers and staff of the Company
Jiang Bao Xin	Staff representative supervisor	Election	Elected through 1 st joint meeting of the third session of congress of workers and staff of the Company
Zhou Lang Hui	Vice president	Appointment	Appointed by the Board
Yu Jian Wei	Vice president	Appointment	Appointed by the Board
Chen De Mei	Vice president	Appointment	Appointed by the Board
Wang Xiao Qiu	Vice president	Appointment	Appointed by the Board
Shen Yang	Vice president	Appointment	Appointed by the Board
Lan Qing Song	Vice president	Appointment	Appointed by the Board
Wei Yong	Acting CFO and secretary of the Board	Appointment	Appointed by the Board
Xie Rong	Former director	Resignation	Due to change of the Board

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Wang Fang Hua	Former independent director	Resignation	Due to change of the Board
Ding Ning	Former supervisor	Resignation	Due to change of the board of supervisors
Cheng Jing Lei	Former chief engineer	Resignation	Resigned from the post and the Board no longer appointed
Wang Jian Zhang	Former secretary of the Board	Resignation	Resigned from the post of secretary of the Board due to change of job

V. Penalty by regulators in recent three years

Applicable N/A

VI. Employees of the parent company and subsidiaries**(I) Information of employees**

Number of employees of parent company	12,988
Number of employees of major subsidiaries	204,523
Total number of employees on active duty	217,511
Number of resigned and retired employees whose expenses be undertaken by the parent company and major subsidiaries	41,053
Composition of employees	
Categories	Headcounts (persons)
Production personnel	2,114
Marketing and sales personnel	611
Engineering technical personnel	8,345
Finance and auditing personnel	146
Administrative personnel	724
Others	1,048
Total	12,988
Education level	
Categories	Headcounts (persons)
Postgraduate and above	4,795
University graduate	5,665
Secondary school diploma and below	2,528
Total	12,988

(II) Remuneration policy

√ Applicable N/A

In the aspect of compensation and welfare, the Company complied with relevant laws and regulations strictly by paying employees remuneration in full and on time, contributing to employee social insurance schemes, and providing welfare like paid annual leave and holidays. In the meantime, the Company advanced collective negotiation focused on wage negotiations continuously, and give different guidance to different enterprises to perfect remuneration allocation, establish salary growth level and salary adjustment range of employees at different posts in a reasonable manner, and made more efforts to remuneration security combined with the factors of the affiliated companies including economic benefits and employee income level so as to achieve favor to workers at the production line and with low income.

In the aspect of employee incentive, the Company took the following moves: 1) to implement incremental incentive plan for net profit to all staff; 2) to implement SAIC innovation incentive fund on technology and management for key talents; 3) to implement stimulating fund award for 2017 to the middle and senior management. In addition, the Company implemented incentives to personnel with significant contribution to the employees awarded with national and industrial, provincial/municipal award for scientific and technological advancement, national skill master, Chief Mechanic, Shanghai May 1st Labor Medal and other honors, the employees awarded with national patent invention grant, and the employees awarded with SAIC Excellent Technical Talent Award, Technological Innovation Award, Patent Award and Software Award.

(III) Training plan

Applicable N/A

The Group, focused on vision, mission, value and “new four modernizations” strategy deployment, vigorously advances the vocational education for employees and makes more efforts to employee education and training to accelerate the capacity construction and employee quality improvement.

Firstly, the Company has strengthened the building of senior management talent team. The Company has enriched the knowledge structure of senior management talents through holding “Biweekly Lecture” and overseas training for plant department leader cadres, training classes for young cadres, Tsinghua University Innovation Workshop and large-scale theoretical public lectures for back-up cadres, which broadened the visions, enriched the thinking, enhanced the capabilities, and promoted the work of related personnel.

Secondly, the Company has held induction training for new employees. The Company organizes 17 induction trainings for all university graduates newly employed by SAIC in 2018 to help them understand SAIC cultures and set up group awareness.

Thirdly, the Company has developed professional technicians in a deep-going way. In 2018, through continuing education, the Company trained 20,000 automotive engineers and 2000 technicians of other professional fields such accounting, internal audit and so on approximately.

Fourthly, the Company has strengthened the development of skilled personnel, carried out the continuing education for technicians and organized high-skilled talents to participate in industrial evaluation staff training; it has also deepened the professional skills competitions and carried out 8 competitions at all levels. In 2018, over 10,000 skilled personnel have achieved professional-skill-level promotion through professional skills training and appraisal, among which, near 800 were at the grade of senior staff or above. Since the high-skilled personnel training base was approved in 2011, SAIC Motor has continuously increased the investment in the construction of training bases. The total construction area of the training base has been built to approximately 35,500 square meters.

(IV) Labor outsourcing

Applicable N/A

VII. Others

Applicable N/A

Section IX Corporate Governance

I. Explanations on corporate governance

√ Applicable N/A

In accordance with laws and regulations including *Corporate Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies*, *Stock Listing Rules of Shanghai Stock Exchange*, *Articles of Association* and relevant normative documents issued by CSRC and SSE, the Company, based on the establishment of governance system that guides the Company's sustainable development and satisfies the Company's production and operation, has insisted on standard operation, reinforced scientific governance and strict performance of disclosure obligation, as a way to develop the management of investor relations effectively and improve the Company's governance level consecutively.

1. Shareholders and general meeting of shareholders

During the reporting period, the Company strictly followed the relevant provisions of *Code of Corporate Governance for Listed Companies*, *Articles of Association* and *Rules of Procedure for General Meeting of Shareholders* to convene general meetings of shareholders, combine online voting with on-site voting. At the same time, the Company commissioned an attorney to attend general meetings of shareholders to witness and verify meeting procedures, and the identification of the attendants, proposal to be deliberated, and voting related matters to ensure the validity of the general meetings of shareholders and the equal status and rights of all shareholders to exercise their rights. The Company held one annual general meeting of shareholders in year 2018, and please refer to "general meeting of shareholders review" for more details.

2. Directors and Board

There are seven directors of the Company including 1 external director (no other duty role in the Company except for director and is not an independent director) and 3 independent directors. Strategic committee, audit committee as well as nomination, remuneration and assessment committee are established under the Board of the Company, of which external directors and independent directors account for three fifths, and comprise audit committee and nomination, remuneration and assessment committee with the independent director acting as chairman of the committee. During the reporting period, the board of directors held 7 board meetings, 1 meeting of the strategic committee, 5 meetings of audit committee and 3 meetings of nomination, remuneration and appraisal committee, and the special committee has played an important role in the general election of board, appointment of senior executives, and in reviewing and deliberating "1+5" rolling plan and regular reports, formulating annual implementation scheme for incentive fund plan and assessing professional manager, improving internal control system, supervising and assessing external audit institutions, etc.

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

3. Supervisors and board of supervisors

The Company's board of supervisors and supervisors have earnestly performed the supervisory and examination responsibilities endowed by the general meeting of shareholders in a spirit of being highly responsible for all the shareholders according to the provisions of the *Articles of Association* and *Rules of Procedure for the Board of Supervisors* and implemented effective supervision on the Company's

operation, financial condition, internal control construction and duty-performing of directors and senior management. During the reporting period, the board of supervisors held 6 meetings in total, during which they have deliberated and supervised on important matters such as general election of board of supervisors, regular reports, recommendations for internal control, management of the raised funds, and changes in accounting policies etc., and no situations such as violation of laws or regulations or damage to the interests of shareholders was identified.

4. Corporate governance system

During the reporting period, the Company continued to optimize the system, and revised the Company's Articles of Association in light of the newly issued regulatory requirements and the actual needs of business management. The Company also strengthened its internal control and improved key business procedures. The Company strictly executed related regulations to ensure orderly working regarding information disclosure, investors' relationships management, dividends distribution as well as fund raise and management. Meanwhile, the Company carries out registration management system for insiders to continue its good work in management including training, registering, reporting, and etc., to effectively maintain fair disclosure of company information.

5. Performance evaluation, incentive and restraining mechanism

The Company has selected managerial personnel according to the principle of ability and integrity, equality and fairness and implemented tenure system. In the meantime, the Company has established a performance evaluation and remuneration system which links remuneration of management with the Company's operating performance and individual's performance. Meanwhile, in order to improve the Company's operating performance continuously and to achieve sustainable development, the Company approved "*The Incentive Fund Plan of the Company*" (2012-2015) at the 4th session of 36th board meeting in 2012. The 14th session of the sixth board meeting in 2017 deliberated and approved the *Proposal on Continuous Implementation of the Company's Incentive Fund Plan in 2016*. Given that the incentive fund plan is able to better stimulate the enthusiasm and creativity of the Company's core talent team, the 6th session of the 16th board meeting has approved the new round of *Incentive Fund Plan of the Company* (2017-2020). As the Company's annual operation performance of 2017 conformed to the condition for implementation of incentive fund plan, the Proposal on the 2017 Implementation Scheme for Incentive Fund Plan of the Company was deliberated and approved through 12th meeting of sixth session of the Board in 2018. Meanwhile, in order to further stimulate innovation vitality of the senior management, the *Proposal on the Implementation of the Company's Professional Managers Scheme* was deliberated and approved through 16th meeting of sixth session of the Board in 2017, and the *Proposal on the Evaluation for the Tenure for 2015-2017 and Annual Performance Assessment for 2017 of the Company's Professional Managers* was deliberated and approved through 22nd meeting of sixth session of the Board in 2018.

6. Stakeholders

The Company has fully demonstrated due respect to maintain legal rights of stakeholders and actively perform social responsibilities to balance interest in shareholders, employee and society, etc. to promote sustainable and healthy development of the Company eventually. (Please refer to the Company's social responsibility report of 2018).

7. Information disclosure and transparency

During the reporting period, the Company took initiative to work on investors' relationship in accordance with the requirements as set forth in *Investors Relationship Management System* and *Information Disclosure Management System*. During year 2018, the Company received 235 investment agents' visits,

1652 individual investors' visits and more than 900 enquiry calls. In addition, the Company organized 2 meetings for communication of annually and half-yearly financial performance and attended 31 investors communication meetings organized by security traders to facilitate investors' understanding of the Company's operating results timely and accurately.

During the reporting period, the Company disclosed 4 periodic reports, made 38 temporary announcements, and made no announcement of correction, so that the investors could be informed of the true status of the Company on a timely, fair, accurate and comprehensive basis.

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

Applicable N/A

II. Brief introduction of general meeting of shareholders

Sequence of the Meeting	Date	Designated website of resolutions publicized	Disclosure date of resolutions
General meeting of shareholders in 2017	June 26, 2018	Shanghai Stock Exchange Website http://www.sse.com.cn	June 27, 2018

Explanations on general meeting of shareholders

Applicable N/A

III. Duty performance of directors

(I) Directors' attendance of board meetings and general meeting of shareholders

Name of director	Independent director (yes or no)	Attendance of board meetings						Attendance of general meeting of shareholders
		Number of board meetings attended (Times)	Attended in person (Times)	Attended via communication tools (Times)	Attended by delegation (Times)	Absence (Times)	Absence twice consecutively (yes or no)	Number of attendance in general meeting of shareholders
Chen Hong	No	7	7	4	0	0	No	1
Chen Zhi Xin	No	7	7	4	0	0	No	1
Wang Jian	No	3	3	1	0	0	No	0
Zhong Li Xin	No	7	7	4	0	0	No	1
Tao Xin Liang	Yes	7	7	4	0	0	No	1
Li Ruo Shan	Yes	7	7	4	0	0	No	1
Zeng Sai Xing	Yes	3	3	1	0	0	No	0
Xie Rong	No	4	3	3	1	0	No	0
Wang Fang Hua	Yes	4	4	3	0	0	No	0

Note: At June 26, 2018, the Company deliberated and approved the *Proposal on the Election due to Change of the Board* through the general meeting of shareholders in 2017, by which director Chen Hong, director Chen Zhi Xin, director Wang Jian, director Zhong Li Xin, independent director Tao Xin Liang, independent director Li Ruo Shan and independent director Zeng Sai Xing composed of the seventh session of Board, including staff representative director Zhong Li Xin who was elected through 1st joint meeting of third session of Congress of Workers and Staff and entered into the new session of Board directly. The former members of sixth session of Board, Xie Rong and Wang Fang Hua no longer held the post of director of the Company.

Reasons for not attending board meeting in person twice consecutively

Applicable N/A

Number of board meetings	7
Including: Number of on-site meetings	3
Number of meetings via communication tools	4
Number of meetings on-site and via communication tools simultaneously	0

(II) Circumstance where independent directors raised different opinions

Applicable N/A

(III) Others

Applicable N/A

Pursuant to laws and regulations including "Company Law", "Guiding Opinion on Establishing Independent Director System by Listed Companies" and "Code of Corporate Governance for Listed Companies", the Company established "Work System for Independent Directors and Work System for Independent Directors with Regard to Annual Reports", which ensured independent directors' performance of their duties. During the reporting period, independent directors performed their duties in good faith and due diligence, actively protected the interests of the Company and shareholders, in particular, of the minority shareholders. Independent directors actively participated in meetings of the board of directors and special committee, and thoroughly understood and carefully discussed various important issues such as the change of the Board and appointment of senior management, completion of the Company's planning, the implementation of the internal control system, the professional manager assessment, and the annual implementation scheme of incentive fund plan, etc. and carried out on-site investigations into the Company's business development for many times, provided recommendations and suggestions for Company management and long-term development, and promoted continuous improvement of Company governance structure and level. During the reporting period, the independent directors expressed independent opinions on important issues such as external guarantee, increase and change in partly placement account, changes in accounting policies, change and election of the Board, and appointment of senior management of the Company; in preparing the annual report of the Company, the independent directors communicate with the financial department, audit office and certified public account for annual audit in accordance with "Work System for Independent Directors with Regard to Annual Reports", giving full play to professional and independent role of independent directors.

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

Applicable N/A

During the reporting period, the Company's Strategy Committee of Board of Directors held a meeting during which the company's "1+5" rolling development plan was reviewed. When reviewing and deliberating the "1+5" Rolling Development Plan of the Company (2017-2022), the Strategy Committee believed that the rolling development plan was complete and detailed to further clarify the new requirement of "new four modernizations" development based on the summary of completed work so that it had strong guiding significance to the medium- and long-term development of the Company. Therefore, the Strategy Committee suggested that the Company should make more efforts to the study and judgment on the macro-environment, technology trend and exterior risks, and intensify and shape the Company's brand influence.

The Company's Audit Committee of Board of Directors held 5 meetings, during which the regular financial reports have been reviewed, external audit institutions have been evaluated, the use and management of raised fund have been discussed and deliberated, the internal audit work has been instructed, and effectiveness of internal control system has been checked, etc. When the Audit Committee heard Deloitte Touche Tohmatsu Certified Public Accountants LLP's report on the Company's 2017 annual report auditing and internal control auditing, it proposed that the external audit institution should further refine and intensify the audit work, and play a role of supervisor and risk control in the areas especially large-amount investment and new business.

The Company's Nomination, Remuneration and Appraisal Committees of Board of Directors held 3 meetings, mainly supervised and reviewed the implementation of the Company's remuneration system, change of the Board, appointment of senior management, assessment of professional managers and the annual implementation scheme for the Company's incentive fund plan, etc. In discussing and deliberating the *Proposal for the Implementation of the Proposals on Company's Incentive Fund Plan 2017*, the Nomination, Remuneration and Appraisal Committees believed that through the implementation of the incentive fund plan, the Company has stimulated the innovation vitality of the core talent team, which was significant to accelerate innovation transformation strategy successfully.

V. Explanations on the risks of the Company identified by board of supervisors

Applicable N/A

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

Applicable N/A

Resolutions, work schedules and subsequent working plan for peer rivalry

Applicable N/A

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

Applicable N/A

- (I) As the operation results of the Company in 2017 conformed to the implementation condition of incentive fund plan, the Board deliberated and approved the Implementation Scheme of the Company's Incentive Fund Plan for 2017 through the sixth session of 22nd meeting, and the incentive fund plan was implemented after approval for annual report through the general meeting of shareholders.
- (II) During the reporting period, the *Measures for Performance Assessment of the Leaders of SAIC Motor Corporation Limited* and the *Salary System Reform and Allocation Scheme of the Leaders of SAIC Motor Corporation Limited* were revised in accordance with the supervisory requirements. In the meantime, in order to further stimulate innovation vitality of the senior management, the *Proposal on the Implementation of the Company's Professional Managers Scheme* was deliberated and approved through sixth session of 16th meeting of the Board in 2017, and the *Proposal on the Evaluation for the Tenure for 2015-2017 and Annual Performance Assessment for 2017 of the Company's Professional Managers* was deliberated and approved through sixth session of 22nd meeting of the Board in 2018.

VIII. Whether the self-assessment report on internal control is disclosed Applicable N/A

In accordance with internal control system and evaluation method, the Company assessed effectiveness of internal control on December 31, 2018 (date of internal control assessment report) based on regular and special supervision on internal control and then prepared an internal control self-assessment report. There was no significant deficiency regarding internal control over financial reporting at the date of internal control assessment report based on relevant assessment. Directors believe that the Company has maintained, in all material aspects, effective internal control over financial reporting in accordance with relevant requirements and internal control system of the Company. Please refer to *Internal Control Assessment Report of SAIC Motor Corporation Limited of 2018* published on Shanghai Stock Exchange website on the same issuing day of this report for more details.

Explanations on significant deficiencies in internal control during the reporting period

 Applicable N/A**IX. Auditors' report on internal control** Applicable N/A

Deloitte Touche Tohmatsu Certified Public Accountants LLP issued "Auditors' Report on Internal Control of SAIC Motor Corporation Limited" (De Shi Bao (Shen) Zi (19) No. S00058). For details, please refer to relevant announcement of the Company.

Whether the auditors' report on internal control is disclosed: Yes

X. Others Applicable N/A

Section X Corporate Bonds

Applicable N/A

Section XI Financial Report

I. Auditors' report

√ Applicable N/A

De Shi Bao (Shen) Zi (19) No.P00888

To the shareholders of SAIC Motor Corporation Limited:

I. Opinion

We have audited the financial statements of SAIC Motor Corporation Limited ("SAIC Motor"), which comprise the consolidated and the Company's balance sheets as at December 31, 2018, and the consolidated and the Company's income statements, the consolidated and the Company's cash flow statements and the consolidated and the Company's statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements (the "financial statements").

In our opinion, the accompanying financial statements of SAIC Motor have been prepared and present fairly, in all material respects, the financial position of SAIC Motor as at December 31, 2018, and the consolidated and the Company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

II. Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of SAIC Motor in accordance with the Code of Ethics for Chinese Certified Public Accountants ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

III. Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We determine the followings are key audit matters in need of communication in our report.

(I) Recognition of Revenue from Vehicle

1. Description

As disclosed in Note (VIII) 56 to the financial statements, revenue from sale of vehicle of SAIC Motor in 2018 was RMB 667,308,460,000, which was significant. The revenue from sale of vehicle is one of the key business indicators of SAIC Motor, and whether revenue from sale of vehicle is recognized in a correct period has a significant impact on the financial statements. Therefore, we identified the cut-off of the recognition of revenue from sale of vehicle as a key audit matter.

2. How our audit addressed the key audit matter

Our audit procedures in relation to the cut-off of the recognition of revenue from sale of vehicle mainly included:

- (1) Understand and evaluate the reasonableness of the design of the internal control relating to the recognition of revenue from sale of vehicle, and test their operating effectiveness;
- (2) Conduct cut-off testing of revenue, and pay attention to whether the revenue is recognized in a proper period, whether there are significant spanning and significant subsequent adjustment;
- (3) Conduct year-end stocktaking, and pay attention to whether there are vehicles of which the revenue from sale has been recognized but the vehicles are not delivered to the dealers;
- (4) Take samples or use data analysis techniques to analyze the time interval from the order of dealer in the dealer electronic transaction platform to the actual delivery, perform further audit procedures on the records of abnormal time interval, and judge whether the relevant revenue has been recognized in a correct period;
- (5) Perform analytic review procedures including analyzing sale profit margin of branch product types, and analyzing whether the sale performance of the Company conforms to the industry environment where it operates, and judge whether the revenue amount is fluctuated abnormally;
- (6) Test the subsequent sales return of vehicle, pay attention to the significant sales return, and evaluate its impact on financial statements.

(II) Product Quality Warranty

1. Description

As disclosed in Note (VIII) 45 and 60 to the financial statements, the balance of accrued warranty as at December 31, 2018 was RMB 17,009,060,000, of which the balance of warranty for vehicles was RMB 15,065,250,000; warranty recognized in the consolidated income statement of 2018 was RMB 4,571,540,000, including warranty for vehicles of RMB 3,725,530,000, which was significant. SAIC Motor undertakes the warranty obligations for vehicles business for certain years. The management makes estimation of warranty and makes provision accordingly based on contract terms and historical experience, where judgments and estimates are needed. We therefore identified product quality warranty of vehicles business as a key audit matter.

2. How our audit addressed the key audit matter

Our audit procedures in relation to the product quality guarantee mainly included:

- (1) Understand and evaluate effectiveness of the design and implementation of internal controls relevant to the recognition of warranty, and test their operating effectiveness;
- (2) Assess the method of the management for provision of warranty and review the calculation process of warranty;
- (3) Check the supporting documents of source data used in the calculation, such as sales data, historical claim data, etc.;
- (4) Test the actual payment of warranty in 2018;
- (5) Discuss with the management and search public information to check whether there is a major product defect in the current or subsequent period that may have a significant impact on the provision of warranty.

IV. Other Information

The management of SAIC Motor is responsible for other information. The other information comprises the information included in the 2018 annual report of SAIC Motor, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

V. Responsibilities of the Management and Those Charged with Governance for the Financial Statements

The management of SAIC Motor is responsible for the preparation and fair presentation of the financial statements in accordance with Accounting Standards for Business Enterprises, and designing, implementing and maintaining internal control that is necessary to enable the financial statements free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the management is responsible for assessing the SAIC Motor's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate the SAIC Motor or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the SAIC Motor's financial reporting process.

VI. Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with China Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with China Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
4. Conclude on the appropriateness of the management' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SAIC Motor's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the SAIC Motor to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the SAIC Motor to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the current year and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte Touche Tohmatsu Certified Public Accountants
LLP

Shanghai, China

Chinese Certified Public Accountant:

Hu Yuan Yuan

(Engagement Partner)

Chinese Certified Public Accountant:

Ma Tian Tian

March 29, 2019

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

II. Financial Statements

Consolidated Balance Sheet

December 31, 2018

Prepared by: SAIC MOTOR CORPORATION LIMITED

Unit: RMB

Item	Notes	December 31, 2018	December 31, 2017
Current assets:			
Cash and bank balances	(VIII)1	123,771,376,378.50	121,611,119,762.58
Balances with clearing agencies			
Placements with banks and other financial institutions			
Financial assets at fair value through profit or loss	(VIII)2	26,561,958,372.83	4,795,191,451.72
Derivative financial assets			
Notes and accounts receivable	(VIII)4	61,090,243,450.41	64,309,549,086.58
Including: Notes receivable		20,960,437,399.34	29,641,741,952.44
Accounts receivable		40,129,806,051.07	34,667,807,134.14
Prepayments	(VIII)5	18,693,772,988.65	29,835,194,963.01
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			
Other receivables	(VIII)6	16,098,675,531.76	11,411,476,111.95
Including: Interest receivable		845,875,895.56	436,146,798.02
Dividends receivable		1,684,077,535.91	1,761,126,784.54
Financial assets purchased under resale agreements	(VIII)7	664,270,025.14	630,960,113.64
Inventories	(VIII)8	58,942,623,891.76	50,041,764,931.61
Held-for-sale assets	(VIII)9	80,713,400.00	-
Non-current assets due within one year	(VIII)10	68,482,616,753.87	55,300,271,868.34
Other current assets	(VIII)11	78,989,593,361.29	52,012,996,973.19
Total current assets		453,375,844,154.21	389,948,525,262.62
Non-current assets:			
Loans and advances to customers	(VIII)12	83,622,585,035.57	78,577,101,273.22
Available-for-sale financial assets	(VIII)13	23,930,347,255.24	64,368,156,943.26
Held-to-maturity investments			
Long-term receivables	(VIII)15	6,837,413,269.79	3,976,345,463.86
Long-term equity investments	(VIII)16	70,930,412,035.35	67,500,222,664.05
Investment properties	(VIII)17	3,189,719,135.21	2,909,327,436.89
Fixed assets	(VIII)18	69,187,280,487.53	58,226,659,045.41
Construction in progress	(VIII)19	20,849,258,157.42	16,476,971,494.76
Bearer biological assets			
Oil and gas assets			
Intangible assets	(VIII)22	14,008,333,485.71	11,745,315,032.15
Development expenditure	(VIII)23	538,649,981.13	1,725,507.76
Goodwill	(VIII)24	1,481,372,227.53	723,671,120.83

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Long-term prepaid expenses	(VIII)25	2,046,972,887.33	1,835,226,124.04
Deferred tax assets	(VIII)26	27,929,663,770.25	24,935,294,382.21
Other non-current assets	(VIII)27	4,841,997,958.74	2,308,589,510.53
Total non-current assets		329,394,005,686.80	333,584,605,998.97
TOTAL ASSETS		782,769,849,841.01	723,533,131,261.59
Current liabilities:			
Short-term borrowings	(VIII)28	16,726,440,287.46	15,717,398,963.92
Loans from the central bank			
Customer deposits and deposits from banks and other financial institutions	(VIII)29	71,888,866,760.03	70,485,676,399.08
Taking from banks and other financial institutions	(VIII)30	51,770,000,000.00	34,930,500,000.00
Financial liabilities at fair value through profit or loss	(VIII)31	977,399,765.77	203,623,811.66
Derivative financial liabilities			
Notes and accounts payable	(VIII)33	154,826,712,601.87	137,660,833,251.74
Receipts in advance	(VIII)34	15,354,857,292.90	27,177,408,061.93
Financial assets sold under repurchase agreements		470,099,390.00	319,000,000.00
Fees and commissions payable			
Employee benefits payable	(VIII)35	9,421,027,458.19	9,939,516,570.41
Taxes payable	(VIII)36	10,574,884,976.00	17,129,176,844.54
Other payables	(VIII)37	67,550,463,107.22	60,331,632,667.04
Including: Interest payable		962,428,254.89	610,559,018.57
Dividends payable		647,498,222.92	679,330,055.29
Amounts payable under reinsurance contracts			
Insurance contract reserves			
Funds from securities trading agency			
Funds from underwriting securities agency			
Held-for-sale liabilities			
Non-current liabilities due within one year	(VIII)39	14,613,907,051.50	16,936,763,752.55
Other current liabilities	(VIII)40	148,482,040.29	140,976,830.85
Total current liabilities		414,323,140,731.23	390,972,507,153.72
Non-current liabilities:			
Long-term borrowings	(VIII)41	19,157,930,619.58	6,894,020,462.22
Bonds payable	(VIII)42	13,374,792,430.97	7,071,853,349.24
Including: Preference shares			
Perpetual bonds			
Long-term payables	(VIII)43	1,197,541,788.28	1,023,690,058.14
Long-term employee benefits payable	(VIII)44	5,853,234,035.63	5,672,806,296.02
Provisions	(VIII)45	15,265,687,656.41	13,460,917,924.90
Deferred income	(VIII)46	26,610,620,988.75	23,246,470,930.92
Deferred tax liabilities	(VIII)26	2,266,676,112.19	3,085,048,288.11
Other non-current liabilities			
Total non-current liabilities		83,726,483,631.81	60,454,807,309.55
TOTAL LIABILITIES		498,049,624,363.04	451,427,314,463.27
OWNERS' EQUITY (OR SHAREHOLDERS')			

EQUITY):			
Paid-in capital (or share capital)	(VIII)48	11,683,461,365.00	11,683,461,365.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	(VIII)50	55,322,945,530.44	54,868,434,877.87
Less: Treasury shares			
Other comprehensive income	(VIII)52	8,014,045,544.15	13,853,150,770.24
Special reserve	(VIII)53	509,046,814.71	409,006,286.66
Surplus reserve	(VIII)54	40,843,171,648.51	37,746,485,600.86
General risk reserve		2,898,526,086.15	2,080,126,313.35
Retained earnings	(VIII)55	115,097,364,967.32	104,694,637,497.79
Total owners' equity attributable to equity holders of the Company		234,368,561,956.28	225,335,302,711.77
Minority interests		50,351,663,521.69	46,770,514,086.55
TOTAL OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)		284,720,225,477.97	272,105,816,798.32
TOTAL LIABILITIES AND OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)		782,769,849,841.01	723,533,131,261.59

Legal Representative: Chen Hong

Chief Financial Officer: Wei Yong

Head of Accounting Department: Gu Xiao Qiong

Balance Sheet of the Company

December 31, 2018

Prepared by: SAIC MOTOR CORPORATION LIMITED

Unit: RMB

Item	Notes	December 31, 2018	December 31, 2017
Current assets:			
Cash and bank balances		65,270,094,412.35	67,146,098,830.38
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes and accounts receivable	(XVIII)1	6,105,880,897.05	3,320,079,884.35
Including: Notes receivable		3,685,023,144.94	2,064,032,626.26
Accounts receivable		2,420,857,752.11	1,256,047,258.09
Prepayments		422,726,331.27	395,995,020.50
Other receivables	(XVIII)2	8,452,326,721.12	4,674,252,108.35
Including: Interest receivable		1,068,804,496.43	552,615,467.54
Dividends receivable		1,401,149,536.35	1,578,902,378.95
Inventories	(XVIII)3	5,066,183,360.72	3,571,572,233.70
Held-for-sale assets			
Non-current assets due within one year		220,000,000.00	1,638,390,000.00
Other current assets		1,795,559,060.29	3,263,579,975.63
Total current assets		87,332,770,782.80	84,009,968,052.91
Non-current assets:			
Available-for-sale financial assets	(XVIII)4	7,815,170,714.40	12,540,293,472.90
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	(XVIII)5	126,617,133,347.57	114,971,393,203.26
Investment properties	(XVIII)6	279,357,608.03	289,897,721.55
Fixed assets	(XVIII)7	9,397,105,933.55	7,830,465,720.16
Construction in progress	(XVIII)8	4,091,602,479.41	1,089,002,984.32
Bearer biological assets			
Oil and gas assets			
Intangible assets	(XVIII)9	2,687,633,257.29	1,827,782,312.36
Development expenditure	(XVIII)9	491,796,612.09	-
Goodwill			
Long-term prepaid expenses			
Deferred tax assets			
Other non-current assets		10,152,668,068.64	9,466,741,181.36
Total non-current assets		161,532,468,020.98	148,015,576,595.91
TOTAL ASSETS		248,865,238,803.78	232,025,544,648.82
Current liabilities:			
Short-term borrowings		-	3,000,000,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			

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Notes and accounts payable		25,976,150,930.24	22,234,097,342.41
Receipts in advance		2,235,358,890.39	1,343,132,138.30
Employee benefits payable	(XVIII)10	1,674,403,681.66	1,887,981,546.50
Taxes payable		268,417,005.42	810,534,324.49
Other payables		1,337,656,450.85	1,473,210,925.31
Including: Interest payable			
Dividends payable			
Held-for-sale liabilities			
Non-current liabilities due within one year	(XVIII)11	2,298,908,678.20	1,454,647,208.39
Other current liabilities			
Total current liabilities		33,790,895,636.76	32,203,603,485.40
Non-current liabilities:			
Long-term borrowings	(XVIII)12	7,720,000,000.00	-
Bonds payable			
Including: Preference shares			
Perpetual bonds			
Long-term payables	(XVIII)14	769,707,669.35	799,193,690.72
Long-term employee benefits payable	(XVIII)13	3,502,882,676.16	3,164,345,797.62
Provisions	(XVIII)15	1,950,623,933.94	1,587,722,471.21
Deferred income	(XVIII)16	2,515,135,076.12	1,644,991,049.42
Deferred tax liabilities	(XVIII)17	637,884,700.77	1,136,429,634.38
Other non-current liabilities			
Total non-current liabilities		17,096,234,056.34	8,332,682,643.35
TOTAL LIABILITIES		50,887,129,693.10	40,536,286,128.75
OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY):			
Paid-in capital (or share capital)		11,683,461,365.00	11,683,461,365.00
Other equity instruments			
Including: Preference shares			
Perpetual bonds			
Capital reserve	(XVIII)18	65,129,333,550.92	65,129,333,550.92
Less: Treasury shares			
Other comprehensive income	(XVIII)19	4,493,845,449.56	7,591,121,037.50
Special reserve			
Surplus reserve		40,843,171,648.51	37,746,485,600.86
Retained earnings		75,828,297,096.69	69,338,856,965.79
TOTAL OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)		197,978,109,110.68	191,489,258,520.07
TOTAL LIABILITIES AND OWNERS' EQUITY (OR SHAREHOLDERS' EQUITY)		248,865,238,803.78	232,025,544,648.82

Legal Representative: Chen Hong

Chief Financial Officer: Wei Yong

Head of Accounting Department: Gu Xiao Qiong

Consolidated Income Statement
January 2018 - December 2018

Unit: RMB

Item	Notes	Year Ended December 31, 2018	Year Ended December 31, 2017
I. Total operating income		902,194,064,732.24	870,639,427,000.07
Including: Operating income	(VIII)56	887,626,207,288.41	857,977,717,906.64
Interest income	(VIII)57	12,586,716,281.29	11,159,664,795.06
Premiums earned			
Fee and commission income	(VIII)58	1,981,141,162.54	1,502,044,298.37
II. Total operating costs		885,171,748,828.11	849,399,227,172.90
Including: Operating costs	(VIII)56	769,985,822,499.66	742,382,412,287.81
Interest expenses	(VIII)57	3,562,591,536.38	2,668,651,785.39
Fee and commission expenses	(VIII)58	330,011,316.57	160,769,428.00
Surrenders			
Claims and policyholder benefits (net of amounts recoverable from reinsurers)			
Changes in insurance contract reserves (net of reinsurers' share)			
Insurance policyholder dividends			
Expenses for reinsurance accepted			
Taxes and levies	(VIII)59	7,463,331,484.50	7,881,675,841.21
Selling expenses	(VIII)60	63,423,027,141.41	61,121,680,109.09
Administrative expenses	(VIII)61	21,336,015,125.43	18,286,379,181.82
Research and development expenses	(VIII)62	15,385,012,641.18	13,014,829,032.80
Financial expenses	(VIII)63	195,437,294.67	143,234,567.86
Including: Interest expenses	(VIII)63	1,863,096,729.92	1,394,188,937.34
Interest income	(VIII)63	1,618,779,749.28	1,380,458,688.77
Impairment losses of assets	(VIII)64	3,490,499,788.31	3,739,594,938.92
Add: Other income	(VIII)65	3,126,294,342.09	2,024,571,903.91
Investment income (loss is indicated by "-")	(VIII)66	33,125,862,628.59	30,811,608,887.12
Including: Income from investments in associates and joint ventures	(VIII)66	25,920,863,141.08	28,303,551,928.39
Gains from changes in fair values (loss is indicated by "-")	(VIII)67	-112,814,667.64	-4,335,758.01
Gains from disposal of assets (loss is indicated by "-")	(VIII)68	483,465,595.97	22,246,135.57
Foreign exchange gains (loss is indicated by "-")		28,693,998.20	15,696,149.73
III. Operating Profit (loss is indicated by "-")		53,673,817,801.34	54,109,987,145.49
Add: Non-operating income	(VIII)69	1,125,111,297.69	868,569,801.89
Less: Non-operating expenses	(VIII)70	455,079,268.10	717,544,348.04
IV. Total profit (total loss is indicated by "-")		54,343,849,830.93	54,261,012,599.34
Less: Income tax expenses	(VIII)71	5,939,186,429.07	7,144,915,087.15

V. Net profit (net loss is indicated by "-")		48,404,663,401.86	47,116,097,512.19
(I) Categorized by the continuity of operation			
1. Net profit from continuing operations (net loss is indicated by "-")		48,404,663,401.86	47,116,097,512.19
2. Net profit from discontinued operations (net loss is indicated by "-")			
(II) Categorized by ownership of equity			
1. Net profit attributable to shareholders of the Company		36,009,210,583.83	34,410,339,492.71
2. Profit or loss attributable to minority interests		12,395,452,818.03	12,705,758,019.48
VI. Other comprehensive income, net of tax		-6,106,285,737.83	3,753,351,673.51
Other comprehensive income attributable to owners of the Company, net of tax		-5,839,105,226.09	3,886,678,057.21
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		-255,834,422.67	635,186,430.13
1. Changes due to re-measurement of defined benefit plans		-256,347,050.06	635,470,177.59
2. Other comprehensive income that will not be reclassified subsequently to profit or loss under equity method		512,627.39	-283,747.46
(II) Other comprehensive income that may be reclassified subsequently to profit or loss		-5,583,270,803.42	3,251,491,627.08
1. Other comprehensive income that may be reclassified subsequently to profit or loss under equity method		4,449,842.46	-8,406,836.62
2. Profit or loss on changes in fair value of available-for-sale financial assets		-6,121,587,716.61	4,145,124,118.48
3. Profit or loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets			
4. Effective portion of profit or loss from cash flow hedges			
5. Translation difference of financial statements denominated in foreign currencies		533,867,070.73	-885,225,654.78
6. Others			
Other comprehensive income attributable to minority interests, net of tax		-267,180,511.74	-133,326,383.70
VII. Total comprehensive income		42,298,377,664.03	50,869,449,185.70
Total comprehensive income attributable to owners of the Company		30,170,105,357.74	38,297,017,549.92
Total comprehensive income attributable to minority interests		12,128,272,306.29	12,572,431,635.78
VIII. Earnings per share:			
(I) Basic earnings per share (RMB/share)		3.082	2.959
(II) Diluted earnings per share (RMB/share)		N/A	N/A

For business combination involving enterprises under common control incurred in the current period, the net profit of the acquired entity for the period from the beginning of the year to the date of combination was RMB 0; and the net profit of the acquired entity for the prior year was RMB 0.

Legal Representative: Chen Hong Chief Financial Officer: Wei Yong
Head of Accounting Department: Gu Xiao Qiong

Income Statement of the Company

January 2018 - December 2018

Unit: RMB

Item	Notes	Year Ended December 31, 2018	Year Ended December 31, 2017
I. Operating income	(VIII)20	76,495,518,517.85	57,228,436,306.37
Less: Operating costs	(VIII)20	64,003,685,490.33	47,084,054,324.58
Taxes and levies		1,246,928,922.66	972,055,787.95
Selling expenses		8,574,596,577.61	6,597,196,731.55
Administrative expenses		1,499,593,300.39	795,914,663.91
Research and development expenses		7,328,439,354.91	6,340,978,501.93
Financial expenses		-1,446,454,329.83	-306,053,060.55
Including: Interest expenses		536,987,692.03	414,237,177.92
Interest income		1,571,669,874.31	1,251,737,198.06
Impairment losses of assets	(VIII)21	110,953,042.40	132,348,233.64
Add: Other income		1,144,926,440.90	197,955,441.41
Investment income (loss is indicated by "-")	(VIII)22	34,614,802,616.71	31,910,734,152.21
Including: Income from investments in associates and joint ventures		23,655,101,701.59	22,981,638,450.33
Gains from changes in fair value (loss is indicated by "-")			
Gains from disposal of assets (loss is indicated by "-")		31,347,790.31	5,964,755.58
II. Operating profit (loss is indicated by "-")		30,968,853,007.30	27,726,595,472.56
Add: Non-operating income		8,094,413.56	8,675,063.17
Less: Non-operating expenses		10,086,944.36	275,740,496.88
III. Total profit (total loss is indicated by "-")		30,966,860,476.50	27,459,530,038.85
Less: Income tax expenses		-	-
IV. Net Profit (net loss is indicated by "-")		30,966,860,476.50	27,459,530,038.85
(I) Net profit from continuing operations (net loss is indicated by "-")		30,966,860,476.50	27,459,530,038.85
(II) Net profit from discontinued operations (net loss is indicated by "-")			
V. Other comprehensive income, net of tax		-3,097,275,587.94	4,763,628,265.98
(I) Other comprehensive income that will not be reclassified subsequently to profit or loss		-275,769,425.42	624,485,049.06
1. Changes due to re-measurement of defined benefit plans		-275,769,425.42	624,485,049.06
2. Other comprehensive income that will not be reclassified subsequently to profit or loss under equity method			
(II) Other comprehensive income that may be reclassified subsequently to profit or loss		-2,821,506,162.52	4,139,143,216.92
1. Other comprehensive income that may be reclassified subsequently to profit or loss under equity method		3,581,794.60	-20,822,845.84

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2. Profit or loss on changes in fair value of available-for-sale financial assets		-2,825,087,957.12	4,159,966,062.76
3. Profit or loss arising from reclassification of held-to-maturity investments to available-for-sale financial assets			
4. Effective portion of profit or loss from cash flow hedges			
5. Translation difference of financial statements denominated in foreign currencies			
6. Others			
VI. Total comprehensive income		27,869,584,888.56	32,223,158,304.83
VII. Earnings per share:			
(I) Basic earnings per share (RMB/share)			
(II) Diluted earnings per share (RMB/share)			

Legal Representative: Chen Hong Chief Financial Officer: Wei Yong
 Head of Accounting Department: Gu Xiao Qiong

Consolidated Cash Flow Statement

January 2018 - December 2018

Unit: RMB

Item	Notes	Year Ended December 31, 2018	Year Ended December 31, 2017
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and rendering of services		989,717,646,343.40	960,052,782,008.16
Net increase in customer deposits and deposits from banks and other financial institutions		1,631,605,604.38	27,444,207,472.86
Net increase in loans from the central bank			
Net decrease in balance with the central bank		1,378,400,791.97	-
Net increase in taking from banks and other financial institutions			
Cash receipts from premiums under direct insurance contracts			
Net cash receipts from reinsurance business			
Net cash receipts from policyholders' deposits and investment contract liabilities			
Net increase in disposal of financial assets at fair value through profit or loss			
Cash receipts from interests, fees and commissions		15,646,047,341.72	16,390,885,695.93
Net increase in loans from banks and other financial institutions		16,839,500,000.00	7,530,500,000.00
Net increase in financial assets sold under repurchase arrangements		117,789,478.50	616,152,741.85
Receipts of tax refunds		1,097,568,031.62	406,580,779.19
Other cash receipts relating to operating activities		12,080,260,746.15	6,753,340,484.82
Sub-total of cash inflows from operating activities		1,038,508,818,337.74	1,019,194,449,182.81
Cash payments for goods purchased and services received		857,881,419,255.72	830,902,558,232.32
Net increase in loans and advances to customers		39,873,167,481.28	46,493,304,920.86
Net increase in balance with the central bank and due from banks and other financial institutions		-	2,984,907,913.24
Cash payments for claims and policyholders' benefits under direct insurance contracts			
Cash payments for interests, fees and commissions		3,540,733,616.63	2,664,107,081.89
Cash payments for insurance policyholder dividends			
Cash payments to and on behalf of employees		37,240,837,570.71	33,460,050,486.65
Payments for various types of taxes		39,249,452,589.79	35,372,473,879.85
Other payments relating to operating activities		51,747,553,031.95	43,015,974,732.59
Sub-total of cash outflows relating to operating activities		1,029,533,163,546.08	994,893,377,247.40
Net cash flow from operating activities	(VIII)74	8,975,654,791.66	24,301,071,935.41
II. Cash flows from investing activities:			
Cash receipts from disposals and recovery of investments		261,188,782,080.49	207,868,030,814.18
Cash receipts from investment income		33,300,787,187.72	29,528,240,077.47

Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		1,655,877,795.34	753,466,043.58
Net cash receipts from disposals of subsidiaries and business entities			
Other cash receipts relating to investing activities		-	1,187,992,352.33
Sub-total of cash inflows from investing activities		296,145,447,063.55	239,337,729,287.56
Cash payment to acquire or construct fixed assets, intangible assets and other long-term assets		31,975,144,862.13	25,412,358,798.26
Cash payments to acquire investments		252,687,177,282.00	224,325,294,891.86
Net increase in pledged loans receivables			
Net cash payments for acquisitions of subsidiaries and other business entities		1,632,625,274.34	411,034,974.65
Net cash payments for disposal of subsidiaries		5,649,015.75	100,825,164.21
Other payments relating to investing activities			
Sub-total of cash outflows relating to investing activities		286,300,596,434.22	250,249,513,828.98
Net cash flow from investing activities		9,844,850,629.33	-10,911,784,541.42
III. Cash flow from financing activities:			
Cash receipts from capital contributions		1,169,064,100.00	15,424,989,603.99
Including: Cash receipts from capital contributions from minority shareholders of subsidiaries		1,169,064,100.00	565,489,623.19
Cash receipts from borrowings		47,638,547,471.78	18,461,741,849.91
Cash receipts from bonds issuance		10,373,915,094.32	13,768,252,065.19
Other cash receipts relating to financing activities		-	173,511,396.43
Sub-total of cash inflows from financing activities		59,181,526,666.10	47,828,494,915.52
Cash repayments of borrowings		41,233,670,900.41	19,086,206,534.44
Cash payments for distribution of dividends or profits or settlement of interest expenses		32,796,125,010.95	29,228,423,265.42
Including: Payments for distribution of dividends or profit to minority shareholders of subsidiaries		9,696,891,372.20	8,513,040,644.03
Other cash payments relating to financing activities		4,265,420,025.62	4,943,396.23
Sub-total of cash outflows relating to financing activities		78,295,215,936.98	48,319,573,196.09
Net cash flow from financing activities		-19,113,689,270.88	-491,078,280.57
IV. Effect of foreign exchange rate changes on cash and cash equivalents		-433,578,767.84	-56,456,476.09
V. Net increase in cash and cash equivalents		-726,762,617.73	12,841,752,637.33
Add: Opening balance of cash and cash equivalents	(VIII)74	106,944,175,426.61	94,102,422,789.28
VI. Closing balance of cash and cash equivalents	(VIII)74	106,217,412,808.88	106,944,175,426.61

Legal Representative: Chen Hong Chief Financial Officer: Wei Yong
Head of Accounting Department: Gu Xiao Qiong

Cash Flow Statement of the Company
January 2018 - December 2018

Unit: RMB

Item	Notes	Year Ended December 31, 2018	Year Ended December 31, 2017
I. Cash flows from operating activities:			
Cash receipts from the sale of goods and rendering of services		82,880,849,464.57	65,290,052,327.48
Receipts of tax refunds		175,067,927.64	-
Other cash receipts relating to operating activities		3,078,669,222.58	2,107,922,619.23
Sub-total of cash inflows from operating activities		86,134,586,614.79	67,397,974,946.71
Cash payments for goods purchased and services received		72,790,865,965.16	50,234,441,327.87
Cash payments to and on behalf of employees		4,236,240,985.21	3,860,749,334.97
Payments of various types of taxes		2,758,960,870.37	1,201,060,068.78
Other cash payments relating to operating activities		11,597,775,469.15	10,567,477,744.16
Sub-total of cash outflows relating to operating activities		91,383,843,289.89	65,863,728,475.78
Net cash flow from operating activities	(XVIII)23	-5,249,256,675.10	1,534,246,470.93
II. Cash flows from investing activities:			
Cash receipts from disposals and recovery of investments		10,106,368,460.67	9,896,000,000.00
Cash receipts from investment income		31,961,047,925.85	31,925,900,241.26
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		34,425,154.17	13,232,344.35
Net cash receipts from disposals of subsidiaries and other business entities		2,224,839,152.72	-
Other cash receipts relating to investing activities			
Sub-total of cash inflows from investing activities		44,326,680,693.41	41,835,132,585.61
Cash payments to acquire or construct fixed assets, intangible assets and other long-term assets		7,984,770,761.69	5,071,756,004.79
Cash payments to acquire investments		16,789,454,679.25	24,726,498,100.00
Net cash payments for acquisitions of subsidiaries and other business entities			
Other cash payments relating to investing activities			
Sub-total of cash outflows relating to investing activities		24,774,225,440.94	29,798,254,104.79
Net cash flow from investing activities		19,552,455,252.47	12,036,878,480.82
III. Cash flows from financing activities:			
Cash receipts from capital contributions		-	14,859,499,980.80
Cash receipts from borrowings		18,950,000,000.00	3,000,000,000.00
Cash receipts from bonds issuance			
Other cash receipts relating to financing activities		-	8,179,245.37
Sub-total of cash inflows from financing activities		18,950,000,000.00	17,867,679,226.17
Cash repayments of borrowings		13,310,000,000.00	500,000,000.00

Cash payments for distribution of dividends or profits or settlement of interest expenses		21,819,000,756.31	19,326,878,083.59
Other cash payments relating to financing activities		-	4,943,396.23
Sub-total of cash outflows relating to financing activities		35,129,000,756.31	19,831,821,479.82
Net cash flow from financing activities		-16,179,000,756.31	-1,964,142,253.65
IV.Effect of foreign exchange rate on cash and cash equivalents		-202,239.09	-2,090,498.37
V.Net increase in cash and cash equivalents		-1,876,004,418.03	11,604,892,199.73
Add: Opening balance of cash and cash equivalents	(XVIII)23	67,146,098,830.38	55,541,206,630.65
VI.Closing balance of cash and cash equivalents	(XVIII)23	65,270,094,412.35	67,146,098,830.38

Legal Representative: Chen Hong Chief Financial Officer: Wei Yong
Head of Accounting Department: Gu Xiao Qiong

Consolidated Statement of Changes in Owners' Equity
January 2018 - December 2018

Unit: RMB

Item	2018												
	Attributable to owners of the Company											Minority interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings		
	Preference shares	Perpetual bonds	Others										
I. Balance as at December 31, 2017	11,683,461,365.00				54,868,434,877.87		13,853,150,770.24	409,006,286.66	37,746,485,600.86	2,080,126,313.35	104,694,637,497.79	46,770,514,086.55	272,105,816,798.32
Add: Changes in accounting policies													
Corrections of prior period errors													
Business combination involving enterprises under common control													
Others													
II. Balance as at January 1, 2018	11,683,461,365.00				54,868,434,877.87		13,853,150,770.24	409,006,286.66	37,746,485,600.86	2,080,126,313.35	104,694,637,497.79	46,770,514,086.55	272,105,816,798.32
III. Changes for the period (Decrease is indicated by "-")					454,510,652.57		-5,839,105,226.09	100,040,528.05	3,096,686,047.65	818,399,772.80	10,402,727,469.53	3,581,149,435.14	12,614,408,679.65
(I) Total comprehensive income							-5,839,105,226.09				36,009,210,583.83	12,128,272,306.29	42,298,377,664.03
(II) Owners' contributions and reduction in capital												1,169,064,100.00	1,169,064,100.00
1. Ordinary shares from owners												1,169,064,100.00	1,169,064,100.00
2. Capital contribution from other equity instrument holders													
3. Share-based payment recognized in owners' equity													
4. Others													
(III) Profit distribution					4,023,972.65				3,096,686,047.65	818,399,772.80	-25,472,226,842.45	-9,934,584,118.30	-31,487,701,167.65
1. Transfer to special reserve									3,096,686,047.65		-3,096,686,047.65		
2. Transfer to general risk reserve										818,399,772.80	-818,399,772.80		
3. Distribution to owners (or shareholders)											-21,380,734,297.95	-9,665,059,539.83	-31,045,793,837.78
4. Others					4,023,972.65						-176,406,724.05	-269,524,578.47	-441,907,329.87
(IV) Transfers within owners' equity													
1. Capitalization of capital reserve (or share capital)													

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2. Capitalization of surplus reserve (or share capital)														
3. Loss offset by surplus reserve														
4. Transfers of retained earnings due to changes in defined benefit plans														
5. Others														
(V) Special reserve								100,040,528.05				19,768,080.35	119,808,608.40	
1. Transfer to special reserve in the period								132,827,269.48				39,595,166.35	172,422,435.83	
2. Amount utilized in the period								32,786,741.43				19,827,086.00	52,613,827.43	
(VI) Others					450,486,679.92							-134,256,271.85	198,629,066.80	514,859,474.87
IV. Balance as at December 31, 2018	11,683,461,365.00				55,322,945,530.44		8,014,045,544.15	509,046,814.71	40,843,171,648.51	2,898,526,086.15	115,097,364,967.32	50,351,663,521.69	284,720,225,477.97	

Item	2017												Minority interests	Total owners' equity
	Attributable to owners of the Company													
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings			
	Preference shares	Perpetual bonds	Others											
I. Balance as at December 31, 2016	11,025,566,629.00				39,807,249,252.90		9,966,472,713.03	335,356,348.86	32,254,579,593.08	1,738,792,163.43	96,792,960,860.43	43,175,396,443.03	235,096,374,003.76	
Add: Changes in accounting policies														
Corrections of prior period errors														
Business combination involving enterprises under common control					1,305,000,000.00						-1,127,931,923.55		177,068,076.45	
Others														
II. Balance as at January 1, 2017	11,025,566,629.00				41,112,249,252.90		9,966,472,713.03	335,356,348.86	32,254,579,593.08	1,738,792,163.43	95,665,028,936.88	43,175,396,443.03	235,273,442,080.21	
III. Changes for the period (Decrease is indicated by "-")	657,894,736.00				13,756,185,624.97		3,886,678,057.21	73,649,937.80	5,491,906,007.78	341,334,149.92	9,029,608,560.91	3,595,117,643.52	36,832,374,718.11	
(I) Total comprehensive income							3,886,678,057.21				34,410,339,492.71	12,572,431,635.78	50,869,449,185.70	
(II) Owners' contributions and reduction in capital	657,894,736.00				14,204,841,093.94							565,489,623.19	15,428,225,453.13	
1. Ordinary shares from owners	657,894,736.00				14,204,841,093.94							565,489,623.19	15,428,225,453.13	
2. Capital contribution from other equity instrument holders														
3. Share-based payment recognized in owners' equity														
4. Others														

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(III) Profit distribution					2,726,814.01				5,491,906,007.78	341,334,149.92	-25,334,773,674.87	-9,204,045,104.84	-28,702,851,808.00
1. Transfer to special reserve									5,491,906,007.78		-5,491,906,007.78		
2. Transfer to general risk reserve										341,334,149.92	-341,334,149.92		
3. Distribution to owners (or shareholders)											-19,277,711,252.25	-8,937,105,690.70	-28,214,816,942.95
4. Others					2,726,814.01						-223,822,264.92	-266,939,414.14	-488,034,865.05
(IV) Transfers within owners' equity													
1. Capitalization of capital reserve (or share capital)													
2. Capitalization of surplus reserve (or share capital)													
3. Loss offset by surplus reserve													
4. Transfers of retained earnings due to changes in defined benefit plans													
5. Others													
(V) Special reserve								73,649,937.80				18,114,477.69	91,764,415.49
1. Transfer to special reserve in the period								102,703,422.10				32,171,501.44	134,874,923.54
2. Amount utilized in the period								29,053,484.30				14,057,023.75	43,110,508.05
(VI) Others					-451,382,282.98						-45,957,256.93	-356,872,988.30	-854,212,528.21
IV. Balance as at December 31, 2017	11,683,461,365.00				54,868,434,877.87	13,853,150,770.24	409,006,286.66	37,746,485,600.86	2,080,126,313.35	104,694,637,497.79	46,770,514,086.55	272,105,816,798.32	

Legal Representative: Chen Hong

Chief Financial Officer: Wei Yong

Head of Accounting Department: Gu Xiao Qiong

Statement of Changes in Owners' Equity of the Company
January 2018 - December 2018

Unit: RMB

Item	2018										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I. Balance as at December 31, 2017	11,683,461,365.00				65,129,333,550.92		7,591,121,037.50		37,746,485,600.86	69,338,856,965.79	191,489,258,520.07
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Balance as at January 1, 2018	11,683,461,365.00				65,129,333,550.92		7,591,121,037.50		37,746,485,600.86	69,338,856,965.79	191,489,258,520.07
III. Changes for the period (Decrease is indicated by "-")							-3,097,275,587.94		3,096,686,047.65	6,489,440,130.90	6,488,850,590.61
(I) Total comprehensive income							-3,097,275,587.94			30,966,860,476.50	27,869,584,888.56
(II) Owners' contributions and reduction in capital											
1. Ordinary shares from owners											
2. Capital contribution from other equity instrument holders											
3. Share-based payment recognized in owners' equity											
4. Others											
(III) Profit distribution									3,096,686,047.65	-24,477,420,345.60	-21,380,734,297.95
1. Transfer to special reserve									3,096,686,047.65	-3,096,686,047.65	-
2. Distribution to owners (or shareholders)										-21,380,734,297.95	-21,380,734,297.95
3. Others											
(IV) Transfers within owners' equity											
1. Capitalization of capital reserve (or share capital)											
2. Capitalization of surplus reserve (or share capital)											
3. Loss offset by surplus reserve											
4. Transfers of retained earnings due to changes in defined benefit plans											
5. Others											

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(V) Special reserve											
1. Transfer to special reserve in the period											
2. Amount utilized in the period											
(VI) Others											
IV. Balance as at December 31, 2018	11,683,461,365.00				65,129,333,550.92		4,493,845,449.56		40,843,171,648.51	75,828,297,096.69	197,978,109,110.68

Item	2017										
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total owners' equity
		Preference shares	Perpetual bonds	Others							
I. Balance as at December 31, 2016	11,025,566,629.00				50,924,492,456.98		2,827,492,771.52		32,254,579,593.08	66,648,944,186.97	163,681,075,637.55
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Balance as at January 1, 2017	11,025,566,629.00				50,924,492,456.98		2,827,492,771.52		32,254,579,593.08	66,648,944,186.97	163,681,075,637.55
III. Changes for the period (Decrease is indicated by "-")	657,894,736.00				14,204,841,093.94		4,763,628,265.98		5,491,906,007.78	2,689,912,778.82	27,808,182,882.52
(I) Total comprehensive income							4,763,628,265.98			27,459,530,038.85	32,223,158,304.83
(II) Owners' contributions and reduction in capital	657,894,736.00				14,204,841,093.94						14,862,735,829.94
1. Ordinary shares from owners	657,894,736.00				14,204,841,093.94						14,862,735,829.94
2. Capital contribution from other equity instrument holders											
3. Share-based payment recognized in owners' equity											
4. Others											
(III) Profit distribution									5,491,906,007.78	-24,769,617,260.03	-19,277,711,252.25
1. Transfer to special reserve									5,491,906,007.78	-5,491,906,007.78	
2. Distribution to owners (or shareholders)										-19,277,711,252.25	-19,277,711,252.25
3. Others											
(IV) Transfers within owners' equity											
1. Capitalization of capital reserve (or share capital)											

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2. Capitalization of surplus reserve (or share capital)											
3. Loss offset by surplus reserve											
4. Transfers of retained earnings due to changes in defined benefit plans											
5. Others											
(V) Special reserve											
1. Transfer to special reserve in the period											
2. Amount utilized in the period											
(VI) Others											
IV. Balance as at December 31, 2017	11,683,461,365.00				65,129,333,550.92		7,591,121,037.50		37,746,485,600.86	69,338,856,965.79	191,489,258,520.07

Legal Representative: Chen Hong

Chief Financial Officer: Wei Yong

Head of Accounting Department: Gu Xiao Qiong

III. THE COMPANY'S PROFILE

1. General

√ Applicable □ N/A

SAIC Motor Corporation Limited (hereinafter referred to as the "Company") is a limited liability company exclusively initiated by Shanghai Automotive Industry Corporation (Group) (hereinafter referred to as "SAIC") as approved by [1997] No. 41 Document issued by Shanghai Municipal People's Government and Hu Zheng Si [1997] No.104 Document issued by Shanghai Securities Management Office in August 1997. The credibility code is 91310000132260250X, and the operating period is infinite. On November 7, 1997, as approved by China Securities Regulatory Commission (hereinafter referred to as "CSRC") with Zheng Jian Fa Zi [1997] No. 500, the Company issued the domestic shares that were listed in China (A Share) to the public for trading in the market, with the stock code of 600104.

After the establishment, the Company has undertaken quite a few equity transactions. As at December 31, 2015, the Company's total share capital was RMB 11,025,566,629.00 in 11,025,566,629 shares, of which SAIC held 8,191,449,931 shares, accounting for 74.30% of the total shares, and remaining shares held by the public were 2,834,116,698 shares, accounting for 25.70% of the total shares.

Proposal concerning the Company's non-public issuance of A shares was approved in the 4th meeting of the sixth session of Board held on November 5, 2015 and the 1st extraordinary general meeting in 2015 and authorized by Shanghai State-owned Assets Supervision and Administration Commission with "Reply to SAIC Motor Corporation Limited's Non-public Issuance of A Shares " (Hu Guo Zi Wei Chan Quan [2015] No.484) and China Securities Regulatory Commission with "Approval of the Non-public Issuance of Shares of SAIC Motor Corporation Limited." (Zheng Jian Xu Ke [2016] No. 2977), the Company was approved to issue no more than 1,056,338,028 shares (the "Issuance") of non-public issuance of A shares in RMB. The final price of the Issuance is RMB 22.80 per share at par value of RMB 1 per share which were subscribed by cash. As at January 19, 2017, the Company actually issued ordinary shares in RMB (A Share) of 657,894,736 shares at the price of RMB 22.80 per share with par value of RMB 1 per share to raise funds of RMB 14,999,999,980.80 in total. After the non-public issuance of A shares, the Company held a total of 11,683,461,365 shares.

As at December 31, 2018, the Company's total share capital was RMB 11,683,461,365.00 in 11,683,461,365 shares, of which SAIC held 8,323,028,878 shares, accounting for 71.24% of the total shares, and other public shareholders held 3,360,432,487 shares, accounting for 28.76% of the total shares.

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

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

2. Scope of the consolidated financial statements

Applicable N/A

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

IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

1. Basis of preparation

The financial statements of the Company have been prepared on a going concern basis.

Basis of preparation

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

Basis of accounting and principle of measurement

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

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and disclosure purposes in the financial statements is determined on such a basis.

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

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

2. Going concern

Applicable N/A

The Group assessed its ability to continue as a going concern for the 12 months from December 31, 2018 and did not notice any events or circumstances that may cast significant doubt upon its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Tips on specific accounting policies and accounting estimates:

Applicable N/A

1. Statement of compliance with ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the consolidated and the Company's financial position as at December 31, 2018, and the consolidated and the Company's results of operations and cash flows for the year then ended.

2. Accounting period

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

3. Operating cycle

Applicable N/A

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

4. Functional currency

The Company adopts Renminbi ("RMB") as its functional currency.

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

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

Applicable N/A

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

5.1 Business combination involving enterprises under common control

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

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

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

5.2 Business combination not involving enterprises under common control and goodwill

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

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

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

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

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

6. Preparation of consolidated financial statements

Applicable N/A

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

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

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

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

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

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

Influence over the consolidated financial statements arising from significant intra-group transactions are eliminated on consolidation.

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

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

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

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

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

When the Group loses control of a subsidiary in two or more arrangements (transactions), terms and conditions of the arrangements (transactions) and their economic effects are considered. One or more of the following indicate that the Group shall account for the multiple arrangements as a single transaction:: (i) they are entered into at the same time or in contemplation of each other; (ii) they form a single transaction designed to achieve an overall commercial effect; (iii) the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement; (iv) one arrangement considered on its own is not

economically justified, but it is economically justified when considered together with other arrangements. If the transactions of disposal of equity interest of a subsidiary are assessed as a single transaction, these transactions are accounted for as one transaction of disposal of a subsidiary. Before losing control, the difference of consideration received on disposal and the share of net assets of the subsidiary continuously calculated from acquisition date is recognized as other comprehensive income. When losing control, the cumulated other comprehensive income is transferred to profit or loss of the period of losing control. If the transactions of disposal of equity investment of a subsidiary are not assessed as a single transaction, these transactions are accounted for as unrelated transactions.

Special purpose trust

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

7. Classification of joint arrangement and accounting treatment of joint operations

✓ Applicable N/A

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

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

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

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

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

When the Group invest or sell assets or others (except that such assets constitute a business), only profit or loss arising from the transaction attributable to parties involved in such joint operation is recognized prior

to the resale of the assets to third parties by joint operations. When there is impairment of the asset investment or sale, the Group recognizes such loss in full.

When the Group purchase assets and other from joint operations (except that such assets constitute a business), only profit or loss arising from the transaction attributable to parties involved in such joint operation is recognized prior to the resale of the assets to third parties. When there is impairment of purchased assets, the Group recognizes losses based on its share.

8. Recognition criteria of cash and cash equivalents

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

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

√ Applicable N/A

9.1 Transactions denominated in foreign currencies

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

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

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

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

9.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date, shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose, all items in the income statement as well as items reflecting the distribution of

profits are translated at the spot exchange rates on the dates of the transactions, the opening balance of retained earnings is the translated closing balance of the previous year's retained earnings, the closing balance of retained earnings is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is separately presented as the exchange differences arising on translation of financial statements denominated in other comprehensive income under the shareholders' equity in the balance sheet.

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

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

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

In case of a disposal of part equity investments or other reason leading to lower interest percentage in foreign operations but does not result in the Group losing control over a foreign operation, the proportionate share of accumulated exchange differences arising on translation of financial statements are re-attributed to minority interests and are not recognized in profit and loss. For partial disposals of equity interests in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

10. Financial instruments

√ Applicable N/A

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

10.1 Effective interest method

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

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

10.2 Classification, recognition and measurement of financial assets

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

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

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

A financial asset is classified as held for trading if one of the following conditions is satisfied: (i) It has been acquired principally for the purpose of selling in the near term, or (ii) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking, or (iii) It is a derivative that is not designated and effective as a hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

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

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

10.2.2 Held-to-maturity investments

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

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

10.2.3 Loans and receivables

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

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

10.2.4 Available-for-sale financial assets

Available-for-sale financial assets include non-derivative financial assets that are designated on initial

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

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

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

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

10.3 Impairment of financial assets

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

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

- (1) Significant financial difficulty of the issuer or obligor;
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments,
- (3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower;
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganizations;
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer;
- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
 - Adverse changes in the payment status of borrower in the group of assets;
 - Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets;
- (7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor;
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument. At each balance sheet date, the Group assesses available-for-sale equity instruments on an item-by-item basis. Impairment is indicated when the fair value of an equity instrument is lower than its initial investment cost over 50% (including 50%) or the fair value has been lower than its initial investment cost for over 12 months (including 12 months);
- (9) Other objective evidence indicating there is an impairment of a financial asset.

-Impairment of financial assets measured at amortized cost

If financial assets carried at amortized cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is

recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognize impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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

-Impairment of available-for-sale financial assets

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

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

- Impairment of financial assets measured at cost

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

10.4 Transfer of financial assets

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

- (1) The contractual rights to the cash flows from the financial assets have been transferred,
- (2) Although the financial assets have been transferred, the Group retains the contractual rights of receiving cash flows from the financial assets and undertakes the obligation of paying the received cash flows to the final recipient, should meet all of the following conditions:
 - Only when the equivalent cash flows from the financial assets are received, the obligation of paying the cash flows to the final recipient should be undertaken. If the Group has a short-term advance payment, but has the right to fully recover all the payment and collect interests calculated at the bank loan interest rate in the same period of the market, it is deemed that the condition is met;
 - According to the contract, the financial assets cannot be sold or taken as collateral, but they can be taken as a guarantee to pay cash flows to the final recipient;

- Have obligation to pay the received cash flows to the final recipient. The Group has no right to reinvest the cash flows, except for the investment in cash or cash equivalents during the payment intervals in accordance with the contract. If the Group reinvests the received cash flows, it shall pay the investment income to the final recipient in accordance with the contract.

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

- (1) The contractual rights to the cash flows from the financial asset expire;
- (2) The financial asset has been transferred, and meets one of the following conditions:
 - The Group has transferred substantially all the risks and rewards of the financial asset;
 - The Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, and has not retained control of the financial asset.

If the financial asset has been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and hasn't transferred the control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset.

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

10.5 Classification, recognition and measurement of financial liabilities

Financial instruments issued by the Group are classified into financial liabilities or equity instruments on the basis of the substance of the contractual arrangements and the economic nature not only its legal form, together with the definition of financial liability and equity instruments.

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

10.5.1 Financial liabilities at fair value through profit or loss

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

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

- (1) It has been acquired principally for the purpose of repurchasing in the near term;
- (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking;
- (3) It is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

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

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

10.5.2 Other financial liabilities

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

10.5.3 Financial guarantee contracts

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

10.6 Derecognition of Financial Liabilities

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

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

10.7 Derivatives and embedded derivatives

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

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

10.7.1 Convertible loan notes

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

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

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

10.8 Offsetting financial assets and financial liabilities

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

10.9 Equity instruments

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

11. Receivables

(1). Receivables that are individually significant and for which bad debt provision is individually assessed

√ Applicable N/A

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

	which an impairment loss is individually recognized are not included in a collective assessment of impairment.
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(2). Receivables for which bad debt provision is collectively assessed by credit risk characteristics

√ Applicable N/A

Receivables for which bad debt provision is collectively assessed by credit risk characteristics(aging analysis, percentage of total receivables outstanding, other methods)	
Basis for determining a credit risk characteristic portfolio	The Group classifies the receivables that are not individually significant and those that are individually significant but are not impaired individually into groups of financial assets according to the similarity and relevance of credit risk characteristics. These credit risks usually reflect the debtors' ability to pay the amounts due at maturity under contractual terms of related assets and are related to the estimation of future cash flows of the assets subject to assessment.
Bad debt provision method for a credit risk characteristic portfolio	While assessing the provision of bad debt of the Group, the provision is measured by historical loss experience and the existing loss between current economic situation and expected receivable portfolio, according to the structure of the Group and credit risk characteristics(aging of receivables), and the provision for bad debts is determined by aging analysis.

Portfolios for which bad debt provision is made with aging analysis method

Applicable √ N/A

Portfolios for which bad debt provision is made with percentage of total receivables outstanding method

Applicable √ N/A

Portfolios for which bad debt provision is made with other methods

Applicable √ N/A

(3). Receivables that are not individually significant but for which bad debt provision is individually assessed

√ Applicable N/A

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

12. Inventories

√ Applicable □ N/A

12.1 Categories of inventories

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

12.2 Valuation method of inventories upon delivery

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

Inventories are accounted for using the planned costing method upon delivery. Cost variances are computed at the end of month to adjust planned costs to actual costs.

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

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of conclusive evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

Provision for decline in value of other inventories is made based on the excess of cost of inventory over its net realizable value on an item-by-item basis.

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

12.4 Inventory count system

The perpetual inventory system is maintained for stock system.

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

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

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

13. Assets classified as held-for-sale

Applicable N/A

Non-current assets and disposal groups are classified as held for sale category when the Group recovers the book value through a sale (including an exchange of nonmonetary assets that has commercial substance) rather than continuing use.

Non-current assets or disposal groups classified as held for sale are required to satisfy the following conditions: (1) the asset or disposal group is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset or disposal group; (2) the sale is highly probable, i.e. the Group has made a resolution about selling plan and obtained a confirmed purchase commitment and the sale is expected to be completed within one year.

When there is loss of control over a subsidiary due to disposal of investments in the subsidiary, and the proposed disposal of investment in the subsidiary satisfies classification criteria of held-for-sale category, the investments in subsidiaries are classified as held-for-sale category as a whole in the company's separate financial statement, and all assets and liabilities of subsidiaries are classified as held-for-sale category in the consolidated financial statements regardless that part of the equity investments are remained after the sale.

The Group measures the no-current assets or disposal groups classified as held for sale at the lower of their carrying amount and fair value less costs to sell. Where the carrying amount is higher than the net amount of fair value less costs to sell, carrying amount should be reduced to the net amount of fair value less costs to sell, and such reduction is recognized in impairment loss of assets and included in profit or loss for the period. Meanwhile, provision for impairment of held-for-sale assets are made. When there is increase in the net amount of fair value of non-current assets held for sale less costs to sell at the balance sheet date, the original deduction should be reversed in impairment loss of assets recognized after the classification of held-for-sale category, and the reverse amount is include in profit or loss for the period. No reversal would be made in the impairment loss of assets recognized before classification of held-for sale category.

Non-current assets classified as held-for-sale or disposal groups are not depreciated or amortized, interest and other costs of liabilities of disposal group classified as held for sale continue to be recognized.

All or part of equity investments in an associate or joint venture are classified as held-for-sale assets. For the part that is classified as held-for-sale, it is no longer accounted for using the equity method since the date of the classification.

14. Long-term equity investments

Applicable N/A

14.1 Determination of control, joint control and significant influence

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

14.2 Determination of initial investment cost

For a long-term equity investment acquired through business combination involving enterprises under common control, shares of book value of owners' equity of combined party in financial statements of

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

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

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

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

14.3 Subsequent measurement and recognition of profit or loss

14.3.1 Long-term equity investment accounted for using the cost method

Long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. When additional investment is made or the investment is recouped, the cost of the long-term equity investment is adjusted accordingly. Investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

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

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

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

Under the equity method, the Group recognizes its share of the net profit or loss and other comprehensive income of the investee for the period as investment income and other comprehensive income for the period. Meanwhile, carrying amount of long-term equity investment is adjusted: the carrying amount of long-term equity investment is decreased in accordance with its share of the investee's declared profit or cash dividends; Other changes in owners' equity of the investee other than net profit or loss and other comprehensive income are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized in the capital reserve. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual identifiable assets, etc. at the acquisition date after making appropriate adjustments. When the investors' accounting policies and accounting period are inconsistent with those of the Company, the Company recognizes investment income and other comprehensive income after making appropriate adjustments to conform to the Company's accounting policies and accounting period. However, unrealized gains or losses resulting from the Group's transactions with its associates and joint ventures, which do not constitute a business, are eliminated based on the proportion attributable to the Group and then investment gains or losses or is recognized. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated.

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

14.4 Disposal of long-term equity investments

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

The Group loses control on investee due to disposal of part of shares, during preparing separate financial

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

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

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

15. Investment properties

(1). If measured at cost:

Depreciation or amortization method:

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

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

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

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposals.

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

16. Fixed assets

(1). Recognition criteria for fixed assets√ Applicable N/A

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

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

(2). Depreciation method

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

√ Applicable N/A

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

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

(3). Identification, valuation and depreciation method for fixed assets under finance lease√ Applicable N/A

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

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

(4) Other explanations

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

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

17. Construction in progress

Applicable N/A

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

18. Borrowing costs

Applicable N/A

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

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings. During the capitalization period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss in the period in which they are incurred.

19. Biological assets

Applicable N/A

20. Oil and gas assets

Applicable N/A

21. Intangible assets

(1). Valuation method, useful life and impairment test√ Applicable N/A

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

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortized over its estimated useful life using the straight-line method.

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

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

(2). Accounting policies of internal research and development expenditure√ Applicable N/A

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

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

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

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period. Costs of intangible assets from internal development only include the total expenses incurred from the time point when the capitalization condition is satisfied to that when the intangible assets meet the expected purpose, and no adjustment should be made to an intangible asset that has been expensing and included into profit or loss before it met the capitalization condition in the process of development.

22. Impairment of long-term assets√ Applicable N/A

The Group assesses at each balance sheet date whether there is any indication that long-term equity

investment, investment properties measured at cost method, fixed assets and construction in progress and the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

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

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

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

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

23. Long-term prepaid expenses

√ Applicable N/A

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

24. Employee benefits

(1). Accounting treatment of short-term benefits

√ Applicable N/A

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

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

(2). Accounting treatment of post-employment benefits

√ Applicable N/A

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

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

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

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

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

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

(3). Accounting treatment of termination benefits

√ Applicable N/A

A liability for a termination benefit is recognized in profit or loss for the period at the earlier of when the Group cannot unilaterally withdraw from the termination plan or the redundancy offer and when the Group recognizes any related restructuring costs or expenses.

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

(4). Accounting treatment of other long-term employee benefits

√ Applicable N/A

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

25. Provisions

Applicable N/A

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

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

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

26. Share-based payment

Applicable N/A

27. Preference shares, perpetual bonds and other financial instruments

Applicable N/A

28. Revenue

Applicable N/A

28.1 Revenue from sale of goods

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

28.2 Revenue from rendering of services

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

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

29. Government grants

√ Applicable N/A

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration. A government grant is recognized only when the Group can comply with the conditions attaching to the grant and the Group will receive the grant.

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

29.1 Determination basis and accounting treatment of government grants related to assets

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

A government grant related to an asset is charged against carrying amount of related assets or recognized as deferred income, if it is recognized as deferred income, it will be included in profit or loss over the useful life of related asset. A government grant related to an asset is charged against carrying amount of related assets or recognized as deferred income and included in profit or loss over the useful life of the related asset.

29.2 Determination basis and accounting treatment of government grants related to income

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

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

A government grant related to the Group's daily activities is recognized in other income based on the nature of economic activities; a government grant not related to the Group's daily activities is recognized in non-operating income and expenses.

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

Relocation compensation received for relocation in the public interests

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

30. Deferred tax assets/ deferred tax liabilities

✓ Applicable N/A

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

30.1 Current income tax

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

30.2 Deferred tax assets and deferred tax liabilities

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

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

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

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

30.3 Offset of income tax

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

offset and presented on a net basis.

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

31. Leases

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

(1). Accounting treatment of operating lease

✓ Applicable N/A

31.1.1 The Group as lessee under operating leases

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

31.1.2 The Group as lessor under operating leases

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

(2). Accounting treatment of finance lease

✓ Applicable N/A

31.2.1 The Group as lessee under finance leases

Recognition and measurement of finance leased assets are set out in Note (V) 16.3 Identification, valuation and depreciation method for fixed assets under finance lease.

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

31.2.2 The Group as lessor under finance leases

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

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

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

32. Other significant accounting policies and accounting estimates

√ Applicable N/A

32.1 Hedge accounting

Some financial instruments are used as hedging instruments by the Group for the purpose of avoiding certain risks. The Group applies hedging accounting for a hedge that satisfies the prescribed conditions. Hedging activities of the Group include cash flow hedges. A hedge of the foreign exchange risk of a firm commitment is accounted for as a cash flow hedge.

At the inception of a hedge, the Group records the relationship between the hedging instrument and hedged item, risk management objective and strategy for undertaking various hedging transactions. At the inception and in subsequent periods, the hedge is assessed for effectiveness by the Group on an ongoing basis so as to determine whether the hedge is highly effective throughout the accounting periods for which the hedging relationship was designated.

32.1.1 Cash flow hedges

The effective portion of a change in the fair value of a derivative that is designated and qualifies as a cash flow hedge is recognized in other comprehensive income, and the gain or loss relating to the ineffective portion is recognized in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the amounts previously recognized in other comprehensive income are reclassified to profit or loss in the same periods during which the financial asset or financial liability affects profit or loss. If the Group expects that all or a portion of a net loss previously recognized in other comprehensive income will not be recovered in future accounting periods, the net loss that is not expected to be recovered is immediately recognized in profit or loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the amounts previously recognized in other comprehensive income are reclassified to profit or loss in the same periods during which the non-financial asset or non-financial liability affects profit or loss. If the Group expects that all or a portion of a net loss previously recognized in other comprehensive income will not be recovered in future accounting periods, the net loss that is not expected to be recovered is immediately recognized in profit or loss.

Except as stated above, the amounts previously recognized in other comprehensive income are reclassified to profit or loss in the same periods during which the hedged forecast transaction affects profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in other comprehensive income at that time is reclassified to profit or loss when the forecast transaction occurs and is recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in other comprehensive income is reclassified immediately to profit or loss.

32.2 Transfer of assets under repurchase agreement

32.2.1 Financial assets purchased under resale agreements

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

32.2.2 Financial assets sold under repurchase agreements

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

32.3 Debt restructuring

Recording of debt restructuring obligation as the debtor

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

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

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

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

32.4 Production safety fee

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

33. Significant changes in accounting policies and estimates

(1). Changes in significant accounting policies

Applicable N/A

(2). Changes in significant accounting estimates

Applicable N/A

34. Others

Applicable N/A

New format of financial statements

The Group started adopting the Notice of the Revised Format of 2018 Financial Statements for General Business Enterprise (Cai Kuai (2018) No. 15, hereinafter referred to as the "Cai Kuai No.15 Document") released by the Ministry of Finance ("MoF") on 15 June 2018 since the preparation of financial statements for the year of 2018. Cai Kuai No.15 Document revised the presenting accounts in the balance sheets and income statements, added line items of "Notes and Accounts Receivable", "Notes and Accounts Payable" and "Research and Development Expenses", revised the presenting contents of the line items of "Other Receivables", "Fixed Assets", "Construction in Progress", "Other Payables", "Long-term Payables" and "Administrative Expenses", removed the line items of "Notes Receivable", "Accounts Receivable", "Dividends Receivable", "Interest Receivable", "Disposal of Fixed Assets", "Materials for Construction of Fixed Assets", "Notes Payable", "Accounts Payable", "Interest Payable", "Dividends Payable" and "Special Payables", added line items of "Including: Interest Expenses" and "Interest Income" under "Financial Expenses", and adjusted the presenting location of some accounts in the income statements. The Group has accounted for the above changes in presenting accounts retrospectively, and adjusted comparable data for prior year.

VI. BASIS OF DETERMINING SIGNIFICANT ACCOUNTING POLICIES AND KEY ASSUMPTIONS AND UNCERTAINTIES IN ACCOUNTING ESTIMATES

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

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

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

Bad debt provision for receivables

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

Provision for decline in value of inventories

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

Impairment of non-current assets

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

Estimated useful life and residual value of fixed assets

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

Capitalization of development expenditure

Development expenditures which meet the criteria set out in Note (V) 21.2 are capitalized, otherwise such expenditures are expensed. Judgment and estimation are required when determining whether development expenditures are capitalized or expensed.

Estimate of provision for warranty

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

Recognition of deferred tax assets

As at end of the year and beginning of the year, the Group recognized deferred tax assets amounting to RMB 27,932,903,422.25 and RMB 25,006,895,609.45, respectively. Realization of deferred tax assets majorly depends on the future deductible taxable profits, and the tax rate of the period when deductible loss and temporary differences are utilized. If it is probable that sufficient taxable profit will not be available in future periods or the applicable tax rate is lower than the estimation to allow the benefit of the deferred tax asset to be realized, the carrying amount of the deferred tax asset is reversed and recognized in the profit or loss. In addition, as stated in Note (VIII) 26, at the beginning and the end of the year, it was uncertain whether the Group could obtain sufficient taxable profits in the future, certain deductible losses and deductible temporary differences were not recognized as deferred tax assets.

Actuarial valuation of defined benefit plans obligation

The Group provides benefits to the eligible retired employees, employees in position and laid-off employees and these supplementary retirement benefits are defined benefit plans. The Group has engaged professional institution to conduct actuarial valuation for liabilities and expenses of defined benefit plans.

The amount of the supplementary retirement benefit expenses and liabilities are calculated based on various assumptions. The Group selected an appropriate discount rate on the basis of government bonds rate, the death rate on the basis of “China Life Insurance Mortality Table (2010-2013)” and the benefit growth rate on the basis of state and local wages or salaries, pension policies and price index. If there is any difference between the reassessment of related assumptions and current assessment, the difference will change liabilities of defined benefit plans and other comprehensive income.

VII. TAXES**1. Major categories of taxes and tax rates**

Information of major categories of taxes and tax rates

√ Applicable N/A

Category of tax	Basis of tax computation	Tax rate
Value-added tax	Sales of goods, rendering of processing and repair and replacement services, and tangible movable property rental service	16%, 17%
	Transportation service	10%, 11%
	Modern service (excluding real estate leases and tangible movable property rental services) (including research and technical services, and logistics support services, etc.)	6%
	Immovable property rental services	11%, 10%, 5%
	Financial services	6%
Consumption tax	Sales of automobiles by vehicle manufacturer	1% - 25%
Business tax		
City maintenance and construction tax		
Enterprise income tax	Enterprise taxable income	15%, 25%

Note: The value-added tax (“VAT”) is the output tax after deducting input tax deductible. Before May 1, 2018, 17% or 11% is applicable to the taxable sale of goods, traffic transportation services and immovable lease, etc. according to the relevant tax regulations. In accordance with *Notice of the Ministry of Finance and the State Administration of Taxation on Adjusting Value-added Tax Rates* (Cai Shui [2018] No. 32), the tax rates of 17% and 11% applicable to taxable sale shall be adjusted to 16% and 10% respectively after May 1, 2018.

Disclosure about entities being levied at different enterprise income tax rates:

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

- (1) Income tax rates of the foreign subsidiaries for the current year follow tax laws in their respective tax jurisdictions.
- (2) In addition to above (1), the applicable enterprise income tax rates for other major subsidiaries of the Group for the current year are as follows:

√ Applicable N/A

Name of taxpayer	Income tax rate (%)
SAIC Maxus Vehicle Co., Ltd. (“SAIC Maxus”)	25%
SAIC Motor Equity Investment Co., Ltd. (“Equity Investment”)	25%
SAIC General Motors Sales Co., Ltd.	25%
Shanghai Jineng Bus Drive System Co., Ltd.	25%
Shanghai Shanghong Real Estate Co., Ltd.	25%
SAIC Investment Management Co., Ltd. (“Investment Management”)	25%
SAIC Group Financial Holding Management Co., Ltd. (“SAIC Financial Holding”)	25%

SAIC Insurance Sales Co., Ltd. ("SAIC Insurance")	25%
SAIC Volkswagen Sales Co., Ltd.	25%
China United Automotive System Co., Ltd.	25%
SAIC Finance Co., Ltd. ("SFC")	25%
Shanghai Pengpu Machine Building Plant Co., Ltd.	25%
HUAYU Automotive Systems Co., Ltd. ("HASCO")	25%
Anji Automotive Logistics Co., Ltd. ("Anji Logistics")	25%
Shanghai Automotive Industry Sales Co., Ltd. ("Industry Sales")	25%
SAIC CATL Power Battery System Co., Ltd.	25%
Shanghai Automobile Import & Export Co., Ltd.	25%
Shanghai Shangyuan Investment Management Co., Ltd.	25%
China Automotive Industrial Development Co., Ltd.	25%
SAIC Motor (Beijing) Co., Ltd.	25%
Shanghai Automobile Asset Management Co., Ltd.	25%
Donghua Automotive Industrial Co., Ltd. ("Donghua")	25%
SAIC Activity Centre Co., Ltd.	25%
Shanghai Automotive News Press Co., Ltd.	25%
Nanjing Automobile (Group) Corporation	25%
Shanghai Sunwin Bus Co., Ltd. ("Shanghai Sunwin")	25%
SAIC-GMAC Automotive Finance Co., Ltd. ("SAIC-GMAC")	25%
Shanghai E-propulsion Auto Technology Co., Ltd.	25%
Wuhan Zhonghaiting Data Technology Co., Ltd.	25%
Global Car Sharing and Rental Co., Ltd. ("Global Car Sharing")	25%
SAIC International Trade Co., Ltd.	25%
SAIC GMF Financial Leasing Co., Ltd.	25%

2. Tax incentives

√ Applicable □ N/A

(1) According to Enterprise Income Tax Law of the People's Republic of China (hereinafter referred to as "EIT Law") and other related regulations, the Company is recognized as a High-Technology Enterprise which is qualified to get the state's special support from 2008, enjoying a preferential tax rate of 15% of enterprise income tax. The Company passed the review/reassessment of High-Technology Enterprise in 2011, 2014 and 2017, and obtained the certificate of High-Technology Enterprise. Therefore, the applicable income tax rate for the Company is 15% for the current year and last year.

(2) SAIC GM Wuling Co., Ltd. ("SGMW") is located in Liuzhou, Guangxi, which is covered in grand western development area, and has incorporated the Chongqing Branch in Chongqing. On August 20, 2014, "Catalogue of Encouraged Industries in the Western Region (Order of The National Development and Reform Commission No.15) has included vehicle manufacturing and special vehicle manufacturing in the catalogue of encouraged industries of Guangxi and Chongqing. According to "Circular on the Issues Concerning Related Tax Policies for the In-depth Implementation of the West Development Strategy" (Cai Shui [2011] No. 58), SGMW's headquarter in Liuzhou Guangxi and Chongqing Branch are subject to the EIT rate of 15%.

(3) According to the EIT Law and other relevant regulations, SAIC Motor Transmission Co., Ltd., Shanghai Diesel Engine Co., Ltd. ("Shanghai Diesel") and DIAS Automotive Electronic Systems Co., Ltd. were recognized as High-Technology Enterprises which was qualified to get the country's special support.

In 2017, SAIC Motor Transmission Co., Ltd., Shanghai Diesel and DIAS Automotive Electronic Systems Co., Ltd. passed the reassessment of High-Technology Enterprise and obtained the High-Technology Enterprise Certificate which was effective from 2017 to 2019. Therefore, these companies are subject to the EIT rate of 15% for the current year.

(4) In accordance with the Notice on the Publicity of the List of the Companies Proposed to be Identified as the 1st Batch of High-tech Enterprises in Chongqing in 2018 released by the Office of National High-tech Enterprise Certification Management Leading Group on November 12, 2018, SAIC-IVECO Hongyan Commercial Vehicle Co., Ltd. (“IVECO Hongyan”) went publicity as one of the 1st batch of proposed high-tech enterprises in Chongqing in 2018. IVECO Hongyan believed that it could obtain the High-Technology Enterprise Certificate and could start enjoying the favorable income tax rate for High-Technology Enterprise that was 15% from 2018.

3. Others

Applicable N/A

VIII. NOTES TO ITEMS IN THE CONSOLIDATED FINANCIAL STATEMENTS**1. Cash and bank balances**

√ Applicable □ N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Cash	4,377,293.17	4,758,905.31
RMB	3,849,218.16	4,272,233.67
Others	528,075.01	486,671.64
Bank balances	106,805,208,016.94	110,177,047,093.43
RMB	96,080,138,132.88	99,234,767,909.07
USD	8,115,731,699.39	7,947,955,340.94
GBP	832,472,622.54	528,270,872.57
THB	338,474,817.12	397,881,545.66
EUR	326,676,215.41	1,022,114,479.17
HKD	252,866,834.26	175,959,975.99
INR	250,907,351.31	355,200,405.11
IDR	167,416,690.02	155,864,424.83
AUD	131,540,135.87	44,608,460.81
JPY	43,621,283.20	6,562,497.33
ZAR	3,156,616.58	178,658,974.56
Others currencies	262,205,618.36	129,202,207.39
Other monetary funds	16,961,791,068.39	11,429,313,763.84
RMB	16,898,761,158.91	11,392,098,257.46
Others	63,029,909.48	37,215,506.38
Total	123,771,376,378.50	121,611,119,762.58
Including: Cash and bank balances deposited abroad	8,442,015,168.28	8,202,138,940.44

Other explanations

Details of restricted cash and bank balances are as follows:

Unit: RMB

Item	December 31, 2018	December 31, 2017
Bank balances		
- Pledged for bank acceptances	1,530,666,945.25	3,305,937,833.15
- Pledged for letters of credit, etc.	1,284,724.02	13,467,252.39
- Others	27,364,037.35	33,566,757.37
Other monetary funds		
- Restricted deposits at the central bank (Note)	9,569,824,911.90	10,948,225,703.87
- Deposits for bank draft	6,352,193,473.08	326,491,449.00
- Others	72,629,478.02	39,255,340.19
Total	17,553,963,569.62	14,666,944,335.97

Note: It represents the general deposit reserve deposited at the central bank by SFC and SAIC-GMAC as required. SFC and SAIC-GMAC contribute restricted deposits at the central bank in accordance with its regulations, and the above-mentioned deposits should not be used for daily operations.

2. Financial assets at fair value through profit or loss

Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Held-for-trading financial assets	18,558,732,428.17	314,058,356.26
Including: Debt instruments	1,205,446,799.70	51,294,498.00
Equity instruments	17,353,285,628.47	262,763,858.26
Derivative financial assets		
Others		
Designated as financial assets at fair value through profit or loss	8,003,225,944.66	4,481,133,095.46
Including: Debt instruments	4,434,247,878.53	1,090,924,765.60
Equity instruments	3,515,425,607.82	3,390,208,329.86
Others	53,552,458.31	-
Total	26,561,958,372.83	4,795,191,451.72

3. Derivative financial assets

Applicable N/A

4. Notes and accounts receivable

Summary

(1). By categories

Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Notes receivable	20,960,437,399.34	29,641,741,952.44
Accounts receivable	40,129,806,051.07	34,667,807,134.14
Total	61,090,243,450.41	64,309,549,086.58

Other explanations:

Applicable N/A

Notes receivable

(2). Notes receivable by categories

Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Bank acceptances	20,511,937,096.77	29,422,473,765.05
Commercial acceptances	448,500,302.57	219,268,187.39
Total	20,960,437,399.34	29,641,741,952.44

(3). The Company's pledged notes receivable at the end of the period✓ Applicable N/A

Unit: RMB

Item	December 31, 2018
Bank acceptances (Note 1)	454,338,511.00
Commercial acceptances	
Short-term borrowing collaterals (Note 2)	19,000,000.00
Total	473,338,511.00

Note 1: Bank acceptance bills receivable have been pledged to the bank for the issuance of the bank acceptance bills payable.

Note 2: Refer to Note (VIII) 28.

(4). Notes receivable endorsed or discounted by the Company to other parties which are not yet due at the balance sheet date Applicable ✓ N/A**(5). Notes receivable reclassified to accounts receivable due to the drawer's inability to settle the notes on maturity** Applicable ✓ N/A

Other explanations

 Applicable ✓ N/A

Accounts receivable

(1). Disclosure of accounts receivable by categories:✓ Applicable N/A

Unit: RMB

Category	December 31, 2018					December 31, 2017				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	(%)	Amount	(%)		Amount	(%)	Amount	(%)	
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	185,483,205.91	0.44	185,483,205.91	100.00	-					
Accounts receivable for which bad debt provision is collectively assessed by credit risk characteristics	41,589,896,948.17	99.56	1,460,090,897.10	3.51	40,129,806,051.07	36,049,860,288.95	100.00	1,382,053,154.81	3.83	34,667,807,134.14
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually										
Total	41,775,380,154.08	100.00	1,645,574,103.01	3.94	40,129,806,051.07	36,049,860,288.95	100.00	1,382,053,154.81	3.83	34,667,807,134.14

Accounts receivable that are individually significant and for which bad debt provision has been assessed individually

Applicable N/A

Unit: RMB

Accounts receivable (By company)	December 31, 2018			
	Accounts receivable	Bad debt provision	(%)	Reason
Company 1	185,483,205.91	185,483,205.91	100.00	
Total	185,483,205.91	185,483,205.91	/	/

Accounts receivable portfolios for which bad debt provision has been assessed using the aging analysis method

Applicable N/A

Unit: RMB

Aging	December 31, 2018		
	Accounts receivable	Bad debt provision	(%)
Within 1 year			
Including: Breakdown of aging within 1 year			
Within 1 year	39,692,949,639.35	338,616,604.41	0.85
Subtotal of within 1 year	39,692,949,639.35	338,616,604.41	0.85
1-2 years	868,341,996.74	233,172,446.37	26.85
2-3 years	174,873,494.88	123,707,613.94	70.74
Over 3 years	853,731,817.20	764,594,232.38	89.56
Total	41,589,896,948.17	1,460,090,897.10	3.51

Accounts receivable portfolios for which bad debt provision has been assessed using the percentage of total receivables outstanding method

Applicable N/A

Accounts receivable portfolios for which bad debt provision has been assessed using the other methods

Applicable N/A

(2). Provisions, recovery or reversal of bad debts for the period

In the current year, the bad debt provision has been made, recovered and reversed by RMB 454,984,129.47, RMB 158,503,552.55, and RMB 69,720,338.24 respectively. RMB 862,470.87 of bad debt provision has increased due to translation differences of financial statements denominated in foreign currencies, and RMB 35,898,238.65 of bad debt provision has increased due to changes in consolidation scope.

Recovery or reversal of bad debt provision with significant amount during the current period:

Applicable N/A

(3). Accounts receivable actually written off in the current period✓ Applicable N/A

Unit: RMB

Item	Amount
Accounts receivable actually written off	69,720,338.24

Bad debt provision written off with significant amount during the current period

 Applicable ✓ N/A

Explanations on written-off of accounts receivable:

 Applicable ✓ N/A**(4). Top five accounts receivable categorized by debtor**✓ Applicable N/A

Unit: RMB

Name	Relationship with the Group	Amount	Aging	Proportion to total accounts receivable (%)
Company 1	Joint venture	5,687,806,136.28	Within 1 year	13.62
Company 2	Joint venture	5,289,952,340.38	Within 1 year	12.66
Company 3	Associate	1,115,083,790.48	Within 1 year	2.67
Company 4	Joint venture	1,085,853,628.45	Within 1 year	2.60
Company 5	Joint venture	1,068,110,702.07	Within 1 year	2.56
Total		14,246,806,597.66		34.11

(5). Accounts receivable derecognized due to transfer of financial assets Applicable ✓ N/A**(6). Transfer of amounts of accounts receivables and assets and liabilities arising from continuing involvement** Applicable ✓ N/A

Other explanations:

✓ Applicable N/A

At the year-end, accounts receivable of RMB 431,537,387.12 at book value were pledged to banks as collateral for loans. Refer to Note (VIII) 28 and 41.

5. Prepayments**(1). Aging analysis of prepayments is as follows:**√ Applicable N/A

Unit: RMB

Aging	December 31, 2018		December 31, 2017	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	18,291,915,180.48	97.85	29,527,017,435.80	98.97
1-2 years	264,810,455.87	1.42	158,838,694.38	0.53
2-3 years	64,050,507.12	0.34	97,236,867.43	0.33
Over 3 years	72,996,845.18	0.39	52,101,965.40	0.17
Total	18,693,772,988.65	100.00	29,835,194,963.01	100.00

(2). Top five balances of prepayments classified by receivers√ Applicable N/A

Unit: RMB

Name	Relationship with the Group	December 31, 2018	Aging	Proportion to total prepayments (%)
Company 1	Joint venture	9,324,390,678.07	Within 1 year	49.88
Company 2	Joint venture	2,751,038,208.19	Within 1 year	14.71
Company 3	Third party	816,106,465.61	Within 1 year	4.37
Company 4	Third party	461,239,084.21	Within 1 year	2.47
Company 5	Third party	368,712,401.33	Within 1 year	1.97
Total		13,721,486,837.41		73.40

Other explanations

√ Applicable N/A

In the current year, the opening balance of the bad debt provision of prepayments was RMB 29,448,900.00; the bad debt provision has been made, and written off by RMB 558,855.00, RMB 158,503,552.55, and RMB 29,448,900.00 respectively. At the year-end, the balance of the bad debt provision was RMB 558,855.00.

6. Other receivables**Summary****(1). By categories**√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Interest receivable	845,875,895.56	436,146,798.02
Dividends receivable	1,684,077,535.91	1,761,126,784.54
Other receivables	13,568,722,100.29	9,214,202,529.39
Total	16,098,675,531.76	11,411,476,111.95

Other explanations

Applicable N/A

Interest receivable**(2). Classification of interest receivable**

Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Time deposits	298,322,818.18	126,985,491.01
Bonds investments	28,080,754.00	33,990,436.59
Loans	519,472,323.38	275,170,870.42
Total	845,875,895.56	436,146,798.02

(3). Significant overdue interest

Applicable N/A

Other explanations:

Applicable N/A

Dividends receivable**(4). Dividends receivable**

Applicable N/A

Unit: RMB

Item (or investee)	December 31, 2018	December 31, 2017
Dividends receivable due from joint ventures	1,439,206,472.20	1,663,753,520.85
Dividends receivable due from associates	212,272,837.39	84,163,042.55
Others	32,598,226.32	13,210,221.14
Total	1,684,077,535.91	1,761,126,784.54

(5). Significant dividends receivable aged more than one year

Applicable N/A

Other explanations:

Applicable N/A

Other receivables**(6). Disclosure of other receivables by categories**√ Applicable N/A

Unit: RMB

Category	December 31, 2018					December 31, 2017				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	(%)	Amount	(%)		Amount	(%)	Amount	(%)	
Other receivable that are individually significant and for which bad debt provision has been assessed individually	630,658,532.51	4.41	532,068,388.17	84.37	98,590,144.34	677,408,532.51	6.76	532,068,388.17	78.54	145,340,144.34
Other receivables for which bad debt provision is collectively assessed by credit risk characteristics	13,684,000,228.39	95.59	213,868,272.44	1.56	13,470,131,955.95	9,337,452,430.84	93.24	268,590,045.79	2.88	9,068,862,385.05
Other receivable that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	14,314,658,760.90	100.00	745,936,660.61	5.21	13,568,722,100.29	10,014,860,963.35	100.00	800,658,433.96	7.99	9,214,202,529.39

Other receivables that are individually significant and for which bad debt provision has been assessed individually at the end of the period

√ Applicable N/A

Unit: RMB

Other receivables (By company)	December 31, 2018			
	Other receivables	Bad debt provision	Proportion (%)	Reasons for the provision
Other receivables that are individually significant and for which bad debt provision has been assessed individually	630,658,532.51	532,068,388.17	84.37	/
Total	630,658,532.51	532,068,388.17	84.37	/

Other receivable portfolios for which bad debt provision has been assessed using the aging analysis method

√ Applicable N/A

Unit: RMB

Aging	December 31, 2018		
	Other receivables	Bad debt provision	Proportion (%)
Within one year			
Including: Breakdown of aging within 1 year			
Within 1 year	10,742,791,532.99	12,213,661.63	0.11
Subtotal - within 1 year	10,742,791,532.99	12,213,661.63	0.11
1-2 years	1,702,094,742.57	5,497,301.46	0.32
2-3 years	894,484,497.00	19,485,700.31	2.18
Over 3 years	344,629,455.83	176,671,609.04	51.26
Total	13,684,000,228.39	213,868,272.44	1.56

Other receivable portfolios for which bad debt provision has been assessed using the percentage of total receivables outstanding method

 Applicable √ N/A

Other receivable portfolios for which bad debt provision has been assessed using other methods

Applicable N/A

(7). Other receivables by nature

Applicable N/A

Unit: RMB

Nature	December 31, 2018	December 31, 2017
New energy vehicle subsidies	7,581,128,249.35	4,019,044,350.00
Disposal of assets	507,559,144.34	554,309,144.34
Advances to project	440,636,611.27	703,705,370.19
Guarantees and deposits, etc.	5,785,334,755.94	4,737,802,098.82
Total	14,314,658,760.90	10,014,860,963.35

(8). Provisions, recovery or reversal of bad debts for the period

In the current year, the bad debt provision has been made, recovered or reversed and written off by RMB 38,914,742.32, RMB 8,844,015.49 and RMB 87,684,314.59 respectively. RMB 1,953,639.25 of bad debt provision has increased due to translation differences of financial statements denominated in foreign currencies, and RMB 938,175.16 of bad debt provision has increased due to changes in consolidation scope.

Significant reversal or recovery of bad debt provision for the period:

Applicable N/A

(9). Other receivables actually written off in the current period

Applicable N/A

Unit: RMB

Item	Amount
Other receivables actually written off	87,684,314.59

Significant written-off of other receivables

Applicable N/A

Explanations on the write-off of other receivables:

Applicable N/A

(10). Top five other receivables categorized by debtor

Applicable N/A

Unit: RMB

Name	Nature of fund	December 31, 2018	Aging	Proportion to total other receivables (%)	Bad debt provision
Company 1		5,921,556,628.00	Within 4 years	41.37	
Company 2		1,659,571,621.35	Within 3 years	11.59	
Company 3		507,559,144.34	Within 4 years	3.55	
Company 4		119,354,806.57	Within 1 year	0.83	
Company 5		84,909,076.00	Within 1 year	0.59	
Total	/	8,292,951,276.26	/	57.93	

(11). Other receivables related to government grantsApplicable N/A**(12). Other receivables derecognized due to transfer of financial assets**Applicable N/A**(13). Transfer of other receivables and the amount of financial assets and liabilities arising from continuing involvement**Applicable N/A

Other explanations:

Applicable N/A**7. Financial assets purchased under resale agreements**

Unit: RMB

	December 31, 2018	December 31, 2017
Financial assets purchased under resale agreements	664,270,025.14	630,960,113.64

8. Inventories**(1). Categories of inventories**Applicable N/A

Unit: RMB

Item	December 31, 2018			December 31, 2017		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Raw materials	9,312,995,212.88	596,942,890.22	8,716,052,322.66	7,993,506,737.58	468,350,058.88	7,525,156,678.70
Work-in- process	1,755,616,001.05	79,061,731.18	1,676,554,269.87	2,308,939,432.57	69,522,342.68	2,239,417,089.89
Goods on hand	50,256,426,066.75	1,706,408,767.52	48,550,017,299.23	41,699,404,348.25	1,422,213,185.23	40,277,191,163.02
Total	61,325,037,280.68	2,382,413,388.92	58,942,623,891.76	52,001,850,518.40	1,960,085,586.79	50,041,764,931.61

(2). Provision for decline in value of inventoriesApplicable N/A

Unit: RMB

Item	December 31, 2017	Increase during the period		Decrease during the period		December 31, 2018
		Provision	Others	Reversal or written off	Others	
Raw materials	468,350,058.88	293,451,709.75	52,367,309.60	217,226,188.01		596,942,890.22
Work-in-process	69,522,342.68	53,370,042.43	840,643.95	44,671,297.88		79,061,731.18
Goods on hand	1,422,213,185.23	971,643,130.08	53,785,590.93	740,269,653.27	963,485.45	1,706,408,767.52
Total	1,960,085,586.79	1,318,464,882.26	106,993,544.48	1,002,167,139.16	963,485.45	2,382,413,388.92

Provision for decline in value of inventories

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

hand		
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(3). Explanations on capitalized amount included in the closing balance of inventoriesApplicable N/A**(4). Completed but not yet billed assets arising from construction contract**Applicable N/A

Other explanations

Applicable N/A**9. Held-for-sale assets**Applicable N/A**10. Non-current assets due within one year**Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Long-term loans due within one year	62,313,104,267.99	52,241,275,622.76
Long-term receivables due within one year	5,787,512,485.88	3,058,996,245.58
Other non-current assets due within one year	382,000,000.00	-
Total	68,482,616,753.87	55,300,271,868.34

11. Other current assetsApplicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Short-term loans issued by SFC and SAIC-GMAC	72,514,986,264.52	48,356,056,021.12
Input VAT to be deducted	6,103,001,230.16	3,525,894,024.15
Prepaid expenses	1,329,810,799.22	968,712,271.05
Short-term entrusted loans	1,195,131,868.71	593,700,000.00
Discount held by SFC	39,611,678.95	150,403,269.42
Others	78,778,493.25	150,000,000.00
Less: Impairment loss on other current assets	-2,271,726,973.52	-1,731,768,612.55
Total	78,989,593,361.29	52,012,996,973.19

Other explanations

Note: In the current year, the Company made provision for the impairment of assets of RMB 449,958,360.97; and increased provision for the impairment of assets of RMB 90,000,000.00 due to changes in consolidation scope.

12. Loans and advances

Unit: RMB

Item	December 31, 2018	December 31, 2017
Long-term loans issued by SFC and SAIC-GMAC	150,289,914,235.84	134,511,607,925.19
Less: Impairment loss on loans (Note)	4,354,224,932.28	3,693,231,029.21

Net book value of long-term loans issued	145,935,689,303.56	130,818,376,895.98
Less: Long-term loans due within one year (Note (VIII) 10)	62,313,104,267.99	52,241,275,622.76
Long-term loans due after one year	83,622,585,035.57	78,577,101,273.22

Note: In the current year, the Company made provision for the impairment of assets of RMB 687,716,420.77; and provision for the impairment of assets of RMB 26,722,517.70 was written off.

13. Available-for-sale financial assets

(1). Available-for-sale financial assets

√ Applicable N/A

Unit: RMB

Item	December 31, 2018			December 31, 2017		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Available-for-sale debt instruments	5,324,253,934.01	-	5,324,253,934.01	11,039,302,954.39	-	11,039,302,954.39
Available-for-sale equity instruments	19,126,176,398.29	520,083,077.06	18,606,093,321.23	53,848,937,065.93	520,083,077.06	53,328,853,988.87
-measured at fair value	18,284,796,903.65	-	18,284,796,903.65	53,072,748,316.69	-	53,072,748,316.69
-measured at cost	841,379,494.64	520,083,077.06	321,296,417.58	776,188,749.24	520,083,077.06	256,105,672.18
Total	24,450,430,332.30	520,083,077.06	23,930,347,255.24	64,888,240,020.32	520,083,077.06	64,368,156,943.26

(2). Available-for-sale financial assets measured at fair value at the end of the period

√ Applicable N/A

Unit: RMB

Classification of available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Costs of equity instruments / amortized cost of debt instruments	9,592,361,304.30	5,334,766,683.05	14,927,127,987.35
Fair value	18,284,796,903.65	5,324,253,934.01	23,609,050,837.66
Accumulated amount of changes in fair value recognized in other comprehensive income	9,019,115,213.16	-10,512,749.04	9,008,602,464.12
Impairment provisions	326,679,613.81	-	326,679,613.81

(3). Available-for-sale financial assets measured at cost at the end of the period

√ Applicable N/A

Unit: RMB

Investees	Book balance				Impairment provision				Proportion of ownership interest in the investee (%)	Cash dividends for the period
	December 31, 2017	Increase during the period	Decrease during the period	December 31, 2018	December 31, 2017	Increase during the period	Decrease during the period	December 31, 2018		
GM Korea Company	494,566,740.00			494,566,740.00	494,566,740.00	-		494,566,740.00		-
Lovol Heavy Machinery Co., Ltd. (Former Tianjin Lovol Heavy Machinery Co., Ltd.)	10,000,000.00			10,000,000.00	-	-		-		-
Guoqi (Beijing) Lightweight of Automobile Technology Research Institute Co., Ltd.	3,000,000.00			3,000,000.00	-	-		-		-
Shanghai International Trust & Investment Co., Ltd.	170,560,000.00		170,560,000.00	-	-	-		-		-

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Jiangsu Zijin Rural Commercial Bank Co., Ltd.	28,984,200.00		28,984,200.00	-	-	-	-	660,000.00
Shanghai Shanguotou Asset Management Co., Ltd.	2,440,000.00			2,440,000.00	-	-	-	1,849,832.87
Amlogic Semiconductor (Shanghai) Co., Ltd.	-	263,301,159.49		263,301,159.49	-	-	-	-
Others	66,637,809.24	1,433,785.91		68,071,595.15	25,516,337.06	-	25,516,337.06	5,462,585.12
Total	776,188,749.24	264,734,945.40	199,544,200.00	841,379,494.64	520,083,077.06	-	520,083,077.06	7,972,417.99

(4). Movements of impairment for available-for-sale financial assets during the reporting period

√ Applicable N/A

Unit: RMB

Classification of available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Impairment provisions at the beginning of the period	680,898,386.37		680,898,386.37
Provision for the period	165,864,304.50		165,864,304.50
Including: Transferred from other comprehensive income			
Decrease in the current period			
Including: Reversal due to subsequent fair value increase	/		
Impairment provisions at the end of the period	846,762,690.87		846,762,690.87

(5). Significant or prolonged decline in the fair value of available-for-sale equity instruments yet without impairment provision at end of the period

Applicable N/A

Other explanations

Applicable N/A

14. Held-to-maturity investments

(1). Held-to-maturity investments

Applicable N/A

(2). Significant held-to-maturity investments at the end of the period

Applicable N/A

(3). Held-to-maturity investment reclassified at the current period

Applicable N/A

Other explanations:

Applicable N/A

15. Long-term receivables**(1). Long-term receivables**√ Applicable N/A

Unit: RMB

Item	December 31, 2018			December 31, 2017			Range of discount rate
	Book balance	Bad debt provision	Book value	Book balance	Bad debt provision	Book value	
Finance lease (Note)	12,675,260,007.05	448,326,669.51	12,226,933,337.54	7,104,118,127.36	323,740,784.37	6,780,377,342.99	
Including: Unearned finance income	1,586,405,244.12		1,586,405,244.12	1,158,669,708.46		1,158,669,708.46	
Sale of goods settled by installments	362,190,548.80		362,190,548.80	190,813,675.60		190,813,675.60	
Rendering of services settled by installments							
Others	35,801,869.33		35,801,869.33	64,150,690.85		64,150,690.85	
Less: Long-term receivables due within one year (Note (VIII) 10)	-5,787,512,485.88	-	-5,787,512,485.88	-3,058,996,245.58	-	-3,058,996,245.58	
Total	7,285,739,939.30	448,326,669.51	6,837,413,269.79	4,300,086,248.23	323,740,784.37	3,976,345,463.86	/

Note: At the year-end, finance lease receivables of RMB 283,599,982.00 were pledged to banks as collateral for loans. Refer to Note (VIII) 41.

(2). Long-term receivable derecognized due to transfer of financial assets Applicable N/A**(3). Amount of assets and liabilities arising from transfer of long-term receivables and continuing involvement** Applicable N/A

Other explanations

√ Applicable N/A

During the year, bad debt provision was made and written-off by RMB 269,780,823.52 and RMB 145,194,938.38 respectively.

16. Long-term equity investments√ Applicable N/A

Unit: RMB

Invested companies	December 31, 2017	Increase (decrease) during the period	December 31, 2018	Impairment provision as at December 31, 2018
		Other		
I. Joint ventures				
SAIC Volkswagen Automotive Co., Ltd.	21,674,484,698.86	791,806,336.40	22,466,291,035.26	
Pan Asia Technical Automotive Center Co., Ltd.	454,068,533.94	-33,241,478.17	420,827,055.77	
SAIC Iveco Commercial Vehicle Investment Co., Ltd.	325,308,859.13	110,344,170.28	435,653,029.41	
Shanghai Advanced Traction Battery Systems Co., Ltd. (Note 1)	37,050,671.32	9,262,829.20	46,313,500.52	
SAIC General Motors Co., Ltd.	15,345,612,620.91	135,536,221.44	15,481,148,842.35	
SAIC GM Dong Yue Motors Co., Ltd.	537,082,775.37	76,992,279.81	614,075,055.18	
Shanghai GM Dong Yue Powertrain Co., Ltd.	1,543,641,781.03	4,633,097.76	1,548,274,878.79	
Shanghai GM (Shenyang) Norsom Motors Co., Ltd.	653,826,607.36	42,449,759.09	696,276,366.45	
ZF Transmissions Shanghai Co., Ltd. (Note 1)	188,581,517.02	-5,421,885.61	183,159,631.41	

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Shanghai SAIC Magneti Marelli Powertrain Co., Ltd	138,704,138.64	11,309,285.47	150,013,424.11	
United Automotive Electronic Systems Co., Ltd. (Note 1)	4,502,352,073.13	620,084,920.64	5,122,436,993.77	
Nanjing Iveco Automobile Co., Ltd.	1,378,352,521.09	-165,397,209.94	1,212,955,311.15	
Shanghai MHI Engine Co., Ltd.	53,638,157.82	4,237,486.80	57,875,644.62	
Tianjin Zhongxing Auto Parts Co., Ltd.	25,536,042.61	1,746,975.89	27,283,018.50	
Contitech Fluid Shanghai Co., Ltd. (Note 4)	9,813,074.07	-9,813,074.07	-	
Shanghai Inteva Automotive Parts Co., Ltd.	143,915,352.58	-11,414,898.48	132,500,454.10	
Shanghai TRW Automotive Safety Systems Co., Ltd. ("Shanghai TRW") (Note 7)	164,960,946.62	-164,960,946.62	-	
Bosch Huayu Steering Systems Co., Ltd. (Note 1)	1,521,500,441.31	269,256,013.47	1,790,756,454.78	
HASCO Vision Technology (Shanghai) Co., Ltd. (Former: Shanghai Koito Automotive Lamp Co., Ltd.)(" HASCO Vision") (Note 3)	747,162,719.88	-747,162,719.88	-	
Shanghai Saiwei Investment Center (Limited Partnership) (Note 1, 11)	129,712,196.52	169,600,463.18	299,312,659.70	
Kolbenschmidt shanghai piston Co., Ltd.	295,330,776.86	22,643,343.70	317,974,120.56	
Shanghai Valeo Automotive Electrical Systems Co., Ltd.	492,929,057.31	-43,309,023.08	449,620,034.23	
Kolbenschmidt Pierburg Shanghai Nonferrous Components Co., Ltd. (Former: Shanghai Pierburg Nonferrous Components Co., Ltd.)	620,422,456.31	130,407,259.73	750,829,716.04	
Shanghai GKN HUAYU Driveline Systems Co., Ltd (Note 1)	1,563,243,871.30	72,455,413.11	1,635,699,284.41	
Dongfeng Yanfeng Automotive Trim Systems Co., Ltd. (Note 5)	161,774,706.00	273,797,599.00	435,572,305.00	
Shanghai Sachs Powertrain Components Parts System Co., Ltd.	133,727,759.64	-61,112,033.44	72,615,726.20	
Shanghai Mahle Thermal Systems Co., Ltd.	427,428,390.27	36,307,220.21	463,735,610.48	
Yan Feng Gabriel (Shanghai) Automotive Safety Systems Co., Ltd. (Note 1)	602,582,081.00	302,336,800.00	904,918,881.00	
Yanfeng Plastic Omnium Automotive Exterior Trimming System Co., Ltd. (Note 1)	701,013,279.00	40,217,955.00	741,231,234.00	
Hua Dong Teksid Automotive Foundry Co., Ltd.	242,842,922.11	13,119,087.55	255,962,009.66	
Pierburg Huayu Pump Technology Co. Ltd. (Note 5)	30,841,345.35	78,576,238.22	109,417,583.57	
Founding of Yanfeng Visteon Investment Co., Ltd.	470,726,666.00	77,119,274.02	547,845,940.02	
Dongfeng Yanfeng Shiyan Automotive Trim Systems Co., Ltd. (Note 4)	173,096,935.00	-173,096,935.00	-	
Yanfeng Adient Seating Mechanical Components Co., Ltd.	367,105,456.00	285,913,844.00	653,019,300.00	
KS HUAYU AluTech GmbH	190,696,213.93	43,771,199.61	234,467,413.54	
CRH Automotive Systems (Shenyang) Co., Ltd.	46,437,688.00	-8,343,629.00	38,094,059.00	
Shanghai Key Automotive Plastic Component Co., Ltd. (Note 1)	59,557,625.00	-29,049,551.00	30,508,074.00	
Huayu Continental Brake Systems (Chongqing) Co., Ltd.	26,696,518.46	-10,739,641.95	15,956,876.51	
Hubei Hangpeng Chemical Power Technology Co., Ltd. (Note 1)	127,581,931.69	7,602,486.34	135,184,418.03	
Shanghai Anji Nyk Logistics Co., Ltd. (Note 1)	54,888,928.09	15,195,316.49	70,084,244.58	
Shanghai Anjie Car Transportation Co., Ltd.	66,544,903.66	-1,086,721.93	65,458,181.73	
Dalian Hai Jia Automobile Harbor Co., Ltd.	200,000,000.00	-1,705,601.13	198,294,398.87	
Nanjing Harbor Jiangsheng Vehicle Dock Co., Ltd.	50,874,527.57	1,979,964.40	52,854,491.97	
Guangzhou Harbor Haijia Vehicle Dock Co., Ltd.	103,933,080.88	4,280,827.04	108,213,907.92	
Shanghai Anfu Logistics Co., Ltd. (Note1)	84,112,841.94	-9,036,861.74	75,075,980.20	
Shanghai Anji Xunda Automobile Transportation Co., Ltd. (Note1)	44,872,266.42	13,999,189.11	58,871,455.53	

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Tianjin Port Haijia Automotive Terminal Co., Ltd. (Note 1)	95,912,853.17	94,699,358.20	190,612,211.37	
Hangzhou Chang'an Minsheng Anji Logistics Co., Ltd.	11,219,845.42	1,302,172.44	12,522,017.86	
Anji Intelligent Instrumentation Technology Co., Ltd.	26,814,271.99	-7,446,261.02	19,368,010.97	
Shanghai Deshi Automotive Service Co., Ltd. (Note 8)	6,202,028.23	-6,202,028.23	-	
Shanghai Dingshang Logistics Co., Ltd. (Note 1)	4,012,330.61	-2,889,169.85	1,123,160.76	
Nanjing Jiazhong Logistics Co., Ltd. (Note 1)	7,735,996.21	2,660,442.25	10,396,438.46	
Anji Car Rental Co., Ltd.	198,950,383.43	-27,708,721.76	171,241,661.67	
Beijing Boruiyechuan Car Service Co., Ltd.	57,098,018.45	609,706.84	57,707,725.29	
Shanghai Volkswagen Automotive Anting Sales & Service Co., Ltd.	759,879.03	18,124.61	778,003.64	
Shanghai Onstar Telematics Co., Ltd.	93,575,068.06	20,771,030.11	114,346,098.17	
SAIC Qingdao Clean Energy Bus Co., Ltd.(Note 1)	92,268,091.47	-7,900,938.45	84,367,153.02	
Nanjing Automotive Forging Co., Ltd.	197,386,027.63	50,966,252.18	248,352,279.81	
Shenyang Jinbei-Yanfeng Automotive Interior System Co., Ltd. (Note 2)	-	403,071,334.00	403,071,334.00	
SAIC Infineon Automotive Power Semiconductor (Shanghai) Co., Ltd. (Note 1 and 2)	-	32,027,869.94	32,027,869.94	
Others	81,135,988.43	19,115,299.16	100,251,287.59	
Subtotal	57,787,638,739.13	2,765,185,116.34	60,552,823,855.47	

II. Associates				
Shanghai Volkswagen Powertrain Co., Ltd.	1,917,643,428.48	-74,257,166.77	1,843,386,261.71	
Volkswagen Transmission (Shanghai) Co., Ltd.	193,789,673.77	5,921,664.46	199,711,338.23	
China Automobile Development United Investment Co., Ltd.	41,605,604.52	14,146,008.40	55,751,612.92	
Shanghai Huizhong Sachs Shock absorber Co., Ltd	154,582,999.45	2,017,502.70	156,600,502.15	
Shanghai ThyssenKrupp Presta HuiZhong Co., Ltd.	170,106,060.63	31,135,388.71	201,241,449.34	
Shanghai Benteler Huizhong Automotive Parts Co., Ltd.	145,710,922.53	25,962,211.52	171,673,134.05	
Shanghai Sanli-Huizhong Auto Parts Co., Ltd.	177,933,237.11	-4,659,437.35	173,273,799.76	
Shanghai Mhi Turbocharger Co., Ltd.	292,065,333.69	-74,637.96	291,990,695.73	
Shanghai Edscha Machinery Co., Ltd.	89,462,402.24	2,616,650.97	92,079,053.21	
Shanghai Wanzhong Car Service Co., Ltd.	15,115,275.88	-5,400,189.55	9,715,086.33	
Shanghai Tenneco Exhaust System Co., Ltd.	208,316,304.82	17,226,232.86	225,542,537.68	
Shanghai New Holland Agricultural Machinery Co., Ltd. (Note 4)	27,680,080.68	-27,680,080.68	-	
Federal-Mogul Shanghai Bearing Co., Ltd.	87,911,187.91	13,851,986.08	101,763,173.99	
Shanghai Federal-Mogul Compound Material Co., Ltd.	35,796,068.06	5,320,073.14	41,116,141.20	
Yapp Automotive Parts Co., Ltd. (Note 9)	715,783,603.44	191,816,267.76	907,599,871.20	
Shanghai Aichi Forging Co., Ltd.	195,122,072.81	2,968,194.55	198,090,267.36	
Shanghai Neturen Co., Ltd.	110,607,221.58	5,114,387.44	115,721,609.02	
Shanghai Meridian Magnesium Products Co., Ltd.	119,936,421.07	-56,685,243.25	63,251,177.82	
Shanghai Xingsheng Gasket Co., Ltd.	34,982,730.47	974,489.07	35,957,219.54	
Shanghai Boze Auto Parts Co., Ltd.	105,617,716.01	-8,254,312.65	97,363,403.36	
Valeo Shanghai Automotive Electric Motors & Wiper System Co., Ltd.	168,096,311.78	-16,189,534.45	151,906,777.33	
Shanghai Inteva Automotive Door Systems Co., Ltd.	157,466,993.74	7,923,096.76	165,390,090.50	

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Shanghai LEAR STEC Automotive Parts Co., Ltd.	194,286,415.92	26,604,678.91	220,891,094.83	
Sanden (Suzhou) Precision Parts Co., Ltd.	46,593,708.81	-1,701,394.05	44,892,314.76	
Wuhan TACHI-S Adient Automotive Seat Co., Ltd.	37,845,391.00	-612,869.00	37,232,522.00	
Continental Brake Systems (Shanghai) Co., Ltd.	65,100,097.19	-6,149,610.99	58,950,486.20	
BAIC Yanfeng Automotive Parts Co., Ltd. (Note 10)	81,404,711.00	-31,861,694.00	49,543,017.00	
Dongfeng Adient Controls Automotive Seating Co., Ltd. (Note 10)	125,976,042.00	-13,718,638.00	112,257,404.00	
Shaanxi Qinghua Automotive Safety System Co., Ltd.	187,594,326.96	9,765,429.14	197,359,756.10	
Avanzar Interior Products LLC	33,601,106.00	5,828,831.00	39,429,937.00	
Chongqing Henglong Hongyan Automotive Steering Co., Ltd.	12,661,560.18	178,778.98	12,840,339.16	
Shanghai Chargedot New Energy Technology Co., Ltd. (Former: Shanghai Aishi Industrial Technology Co., Ltd.)	30,500,000.00	-3,120,984.64	27,379,015.36	
Jiangsu Used Motor Vehicle Market Co., Ltd.	9,534,370.62	-5,535,977.29	3,998,393.33	
Nanjing Auto Parts Factory	3,338,259.06	-310,740.95	3,027,518.11	
Nanjing Valeo Clutch Co., Ltd.	93,896,805.68	12,417,213.19	106,314,018.87	
Qingdao Toyo Heat Exchanger Co., Ltd.	26,181,898.84	882,774.07	27,064,672.91	
Shanghai Shanke Automotive Culture Communication Co., Ltd.	319,764.79	-53,251.66	266,513.13	
Anji Nyk Logistics (Thailand) Co., Ltd.	15,289,730.71	7,492,591.40	22,782,322.11	
Chongqing Jiangsheng Automotive Logistics Co., Ltd.	112,154,069.56	2,934,082.98	115,088,152.54	
SAIC Wanxiang New Energy Passenger Vehicle Co., Ltd.	74,091,655.61	-7,531,430.59	66,560,225.02	
Changzhou Qide Equity Investment Fund Center (Limited Partnership)	926,191,727.30	278,815,287.83	1,205,007,015.13	
Shidai SAIC Power Battery Co., Ltd	982,749,259.71	6,878,594.84	989,627,854.55	
Sunrise Power Co., Ltd.	40,709,396.57	1,949,977.55	42,659,374.12	
Shanghai Zhiji Information Technology Co., Ltd. (Note 8)	4,346,117.54	-4,346,117.54	-	
ExaMotive S.A.	91,553,815.60	-48,959,611.52	42,594,204.08	
Shanghai Kelai Shengluo Automation Equipment Co., Ltd.	25,749,979.30	7,671,122.65	33,421,101.95	
Shanghai Baosteel&Arcelor Tailor Metal Co., Ltd.	192,029,099.90	729,547.88	192,758,647.78	
Shanghai Tongzhou Autoparts Co., Ltd.	131,346,952.34	7,509,742.80	138,856,695.14	
SAIC James (Shannan) Equity Investment Fund Partnership (Limited Partnership)	120,936,341.32	-43,069,007.50	77,867,333.82	
Sailing Capital International (Shanghai) Co., Ltd. (Note 6)	2,225,788,340.77	26,772,113.64	2,252,560,454.41	
Shanghai SAIC Huankai Investment Management Co., Ltd.	63,899,045.17	12,737,784.78	76,636,829.95	30,325,460.00
Shanghai SAIC Equity Investment Fund First Section Partnership (Limited Partnership)	113,460,996.39	-33,714,725.57	79,746,270.82	
Sailing Capital Management Co., Ltd.	81,243,625.61	-4,939,550.60	76,304,075.01	
Shanghai Integrated Circuit Industry Investment Fund Management Co., Ltd.	6,434,812.06	4,489,832.20	10,924,644.26	
Shanghai Xinpeng Lianzhong Auto Parts Co., Ltd. (Note 2)	-	301,110,098.16	301,110,098.16	
Changzhou SAIKC Mobility Investment Partnership (Limited Partnership) (Note 2 and 10)	-	40,620,948.07	40,620,948.07	
Jiaxing Xinsheng Investment Partnership (Limited Partnership) (Note 2)	-	129,600,000.00	129,600,000.00	
Others	549,614,457.68	495,606,747.91	1,045,221,205.59	1,097,491.03

Subtotal	11,871,755,531.86	1,308,764,125.84	13,180,519,657.70	31,422,951.03
Total	69,659,394,270.99	4,073,949,242.18	73,733,343,513.17	31,422,951.03

Other explanations

Note 1: Pursuant to the Articles of Association, these companies are joint ventures of the Group as significant financial and operating decisions should achieve unanimous consent.

Note 2: These companies are new investments of the Group for the year.

Note 3: Refer to Note (IX) 1 (1).

Note 4: In the current year, these companies were disposed of, thereby writing off provision for impairment of long-term equity investments of RMB 27,680,080.68.

Note 5: In the current year, the shareholders of these companies contributed additional capital by cash to the Company at the original shareholding ratio, of which the Group increased its total capital by RMB 292,500,000.00.

Note 6: At the end of current year, 6.66% equity corresponded with long-term equity investment of which the net book value was RMB 675,768,136.32 has been pledged as collateral for bank loans. Refer to Note (VIII) 41.

Note 7: In the current year, HASCO Motor, a subsidiary of the Group, and TRW Asia-Pacific Co., Ltd. (“Trw Asia-Pacific”) concluded an equity transfer agreement by which HASCO Motor transferred all its equity in Shanghai TRW to TRW Asia-Pacific. As at the end of current year, the above transaction was in progress, so HASCO Motor transferred its investment in Shanghai TRW to held-for-sale assets.

Note 8: Refer to Note (IX) 1 (1).

Note 9: On May 9, 2018, Yapp Automotive Parts Co., Ltd. completed IPO, and HASCO Motor, a subsidiary of the Group diluted its shares in Yapp from 33.90% to 29.91%.

Note 10: These companies are associates of the Group as the Group had a significant impact on their operating activities.

Note 11: RMB 388,348,920.69 in the “Increase (decrease) during the year” was the increase in long-term equity investment and capital reserve arising from premium contributions made by other shareholders of the subsidiary of such company.

17. Investment properties

Measurement of investment properties

(1). Investment properties measured at cost

Unit: RMB

Item	Buildings	Land use right	Construction in progress	Total
I. Cost				
1. December 31, 2017	3,712,630,322.26	738,378,559.92		4,451,008,882.18
2. Increase in the current period	235,055,961.08	324,199,856.22		559,255,817.30
(1)Purchase	6,427,204.99	-		6,427,204.99

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(2)Transfer from inventories/ fixed assets/ construction in progress	228,628,756.09	324,199,856.22		552,828,612.31
(3) Increase from business combination				
3. Decrease in the current period	99,144,450.20	42,851,278.75		141,995,728.95
(1)Disposals	35,581,676.09	103,673.05		35,685,349.14
(2)Other transfer-out	63,562,774.11	42,747,605.70		106,310,379.81
4.December 31, 2018	3,848,541,833.14	1,019,727,137.39		4,868,268,970.53
II. Accumulated depreciation and amortization				
1. December 31, 2017	1,384,200,102.24	157,481,343.05		1,541,681,445.29
2. Increase in the current period	135,000,652.64	51,187,171.22		186,187,823.86
(1) Provision or amortization	118,047,329.72	21,730,389.10		139,777,718.82
(2) Transfer from fixed assets	16,953,322.92	-		16,953,322.92
(3) Transfer from intangible assets	-	29,456,782.12		29,456,782.12
3. Decrease in the current period	36,928,837.21	12,390,596.62		49,319,433.83
(1) Disposals	25,484,709.54	-		25,484,709.54
(2) Other transfer-out	11,444,127.67	12,390,596.62		23,834,724.29
4. December 31, 2018	1,482,271,917.67	196,277,917.65		1,678,549,835.32
III. Impairment				
1. December 31, 2017				
2. Increase in the current period				
(1) Provision				
3. Decrease in the current period				
(1) Disposals				
(2) Other transfer-out				
4.December 31, 2018				
IV. Net book value				
1. December 31, 2017	2,366,269,915.47	823,449,219.74		3,189,719,135.21
2. December 31, 2018	2,328,430,220.02	580,897,216.87		2,909,327,436.89

(2). Investment properties of which certificates of title have not been obtained

√ Applicable N/A

Unit: RMB

Item	Book value	Reasons why certificates of title have not been obtained
Buildings	555,888,000.78	In progress

Other explanations

Applicable N/A

18. Fixed assets

Summary

(1). By categories

√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
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Fixed assets	69,187,280,487.53	58,226,659,045.41
Disposal of fixed assets		
Total	69,187,280,487.53	58,226,659,045.41

Other explanations:

Applicable N/A

Fixed assets

(2). Fixed assets

Applicable N/A

Unit: RMB

Item	Buildings	Machinery and equipment	Electronic equipment, fixtures and furniture	Transportation vehicles	Molds	Total
I. Cost						
1. December 31, 2017	28,399,003,184.67	59,282,510,209.69	5,597,638,870.21	4,764,289,354.13	8,185,387,606.56	106,228,829,225.26
2. Increase in the current period	5,187,338,984.02	12,898,649,667.35	2,193,030,127.19	1,692,246,200.89	1,701,152,525.02	23,672,417,504.47
(1) Purchase	87,585,093.36	276,757,283.54	256,867,588.32	217,282,457.13	71,994,736.21	910,487,158.56
(2) Transfer from construction in progress	3,741,153,616.42	11,041,721,863.08	1,047,383,389.89	1,439,132,595.20	1,605,437,604.46	18,874,829,069.05
(3) Increase from business combination	1,222,469,696.32	1,473,267,450.68	874,591,600.77	30,077,313.95	-	3,600,406,061.72
(4) Transfer from investment properties during the year	63,562,774.11	-	-	-	-	63,562,774.11
(5) Increases due to changes in the exchange rate during the year	72,567,803.81	106,903,070.05	14,187,548.21	5,753,834.61	23,720,184.35	223,132,441.03
3. Decrease in the current period	712,381,665.64	2,194,009,792.06	251,342,362.39	642,994,155.22	183,409,188.44	3,984,137,163.75
(1) Disposals or retirement	674,043,723.62	1,999,972,370.46	224,445,639.18	642,994,155.22	183,409,188.44	3,724,865,076.92
(2) Transfer to construction in progress during the year	-	194,037,421.60	26,896,723.21	-	-	220,934,144.81
(3) Transfer to investment properties during the year	38,337,942.02	-	-	-	-	38,337,942.02
4. December 31, 2018	32,873,960,503.05	69,987,150,084.98	7,539,326,635.01	5,813,541,399.80	9,703,130,943.14	125,917,109,565.98
II. Accumulated depreciation						
1. December 31, 2017	7,229,780,582.10	25,891,476,829.43	3,389,099,090.76	1,664,438,927.33	2,909,932,546.39	41,084,727,976.01
2. Increase in the current period	1,665,800,520.08	7,160,779,323.76	1,352,834,641.20	740,020,791.59	560,385,089.62	11,479,820,366.25
(1) Provision	1,348,806,325.71	6,347,223,773.10	826,384,682.50	720,657,414.47	551,976,224.53	9,795,048,420.31
(2) Transfer from investment properties during the year	11,444,127.67	-	-	-	-	11,444,127.67
(3) Increase from business combination	298,786,795.32	775,260,424.58	520,021,714.91	19,151,412.58	-	1,613,220,347.39
(4) Increases due to changes in the exchange rate during the year	6,763,271.38	38,295,126.08	6,428,243.79	211,964.54	8,408,865.09	60,107,470.88
3. Decrease in the current period	270,268,266.36	1,511,103,150.94	207,788,187.49	371,259,378.19	96,763,078.36	2,457,182,061.34
(1) Disposals or retirement	253,314,943.44	1,375,332,842.65	204,908,902.82	371,259,378.19	96,763,078.36	2,301,579,145.46
(2) Transfer to construction in progress during the year	-	135,770,308.29	2,879,284.67	-	-	138,649,592.96
(3) Transfer to investment properties during the year	16,953,322.92	-	-	-	-	16,953,322.92
4. December 31, 2018	8,625,312,835.82	31,541,153,002.25	4,534,145,544.47	2,033,200,340.73	3,373,554,557.65	50,107,366,280.92
III. Impairment						
1. December 31, 2017	339,927,511.75	3,719,842,012.67	60,814,143.92	21,507,939.33	2,775,350,596.17	6,917,442,203.84
2. Increase in the current period	155,321.12	125,331,947.90	617,568.88	25,611,459.03	118,079,798.47	269,796,095.40
(1) Provision	155,321.12	124,043,890.69	617,568.88	25,611,459.03	118,079,798.47	268,508,038.19
(2) Increase due to changes in exchange rate during the year	-	1,288,057.21	-	-	-	1,288,057.21
3. Decrease in the current period	210,688,204.70	267,654,486.77	818,849.18	9,650,871.98	75,963,089.08	564,775,501.71
(1) Disposal or retirement	210,688,204.70	267,654,486.77	818,849.18	9,650,871.98	75,963,089.08	564,775,501.71
4. December 31, 2018	129,394,628.17	3,577,519,473.80	60,612,863.62	37,468,526.38	2,817,467,305.56	6,622,462,797.53
IV. Net book value						
1. December 31, 2018	24,119,253,039.06	34,868,477,608.93	2,944,568,226.92	3,742,872,532.69	3,512,109,079.93	69,187,280,487.53
2. December 31, 2017	20,829,295,090.82	29,671,191,367.59	2,147,725,635.53	3,078,342,487.47	2,500,104,464.00	58,226,659,045.41

(3). Temporary idle fixed assets

Applicable N/A

(4). Fixed assets leased under finance leases

Applicable N/A

(5). Fixed assets leased out under operating leases

Applicable N/A

(6). Fixed assets of which certificates of title have not been obtained

Applicable N/A

Unit: RMB

Item	Book value	Reasons why certificates of title have not been obtained
Buildings	5,885,748,985.97	In progress

Other explanations:

Applicable N/A

At the end of current year, the buildings, the machinery and equipment, the electronic equipment, fixtures and furniture, the transportation vehicles and the molds with net book value of RMB 2,007,976,812.83, RMB 256,004,166.62, RMB 178,972,221.77 and RMB 19,967,296.71 and RMB 47,584,174.33 respectively were pledged as collateral for long-term borrowings. Refer to Note (VIII) 41.

Disposal of fixed assets

Applicable N/A

19. Construction in progress

Summary

(1). By categories

Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Construction in progress	20,849,258,157.42	16,476,971,494.76
Materials for construction of fixed assets		
Total	20,849,258,157.42	16,476,971,494.76

Other explanations:

Applicable N/A

Construction in progress

(2). Construction in progress

Applicable N/A

Unit: RMB

Item	December 31, 2018			December 31, 2017		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Dual clutch transmission project and relocation	1,604,089,448.84	15,214,444.00	1,588,875,004.84	1,631,511,858.96	52,255,234.00	1,579,256,624.96
Project of technology improvement and capacity expansion of SGMW	4,073,070,308.06	-	4,073,070,308.06	4,059,291,461.80	-	4,059,291,461.80
Construction of MG Pukou base phase II of NAGC	127,400,231.11	-	127,400,231.11	355,353,571.80	-	355,353,571.80
Donghua CP4 logistics supporting	78,816,965.91	-	78,816,965.91	28,323,422.69	-	28,323,422.69

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project						
Project of technology improvement and capacity expansion of Shanghai Diesel	282,587,773.59	8,502,996.11	274,084,777.48	116,638,749.61	31,716,626.11	84,922,123.50
Project of technology improvement and capacity expansion of Yanfeng Johnson	4,087,137,453.58	18,373,157.03	4,068,764,296.55	3,576,231,674.93	17,925,517.00	3,558,306,157.93
Project of passenger vehicles of self-owned brands	3,505,892,506.33	-	3,505,892,506.33	525,533,464.70	-	525,533,464.70
Project of R&D center expansion	178,361,491.52	-	178,361,491.52	177,715,838.03	-	177,715,838.03
Project of construction of port of Anji Logistics	712,062,134.45	-	712,062,134.45	1,426,916,877.15	-	1,426,916,877.15
Project of self-owned brand of Commercial Vehicles	2,579,259,341.40	-	2,579,259,341.40	1,509,773,061.70	222,747.30	1,509,550,314.40
Project of photovoltaic generation of Asset Management	80,919,191.70	-	80,919,191.70	41,516,654.43	-	41,516,654.43
Project of self-owned brand in Thailand	128,477,392.37	-	128,477,392.37	366,395,657.95	-	366,395,657.95
Project of Global Car Sharing periodic lease	631,571,048.79	-	631,571,048.79	768,010,014.80	-	768,010,014.80
Project of Shanghong Real Estate Changfeng	589,478,141.54	-	589,478,141.54	446,179,690.95	-	446,179,690.95
MG Indian project	843,673,735.20	-	843,673,735.20	207,908,069.34	-	207,908,069.34
Project of import and export international distribution center	-	-	-	238,707,387.63	-	238,707,387.63
Others	1,388,551,590.17	-	1,388,551,590.17	1,103,284,162.70	200,000.00	1,103,084,162.70
Total	20,891,348,754.56	42,090,597.14	20,849,258,157.42	16,579,291,619.17	102,320,124.41	16,476,971,494.76

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(3). Changes in significant construction in progress

√ Applicable □ N/A

Unit: RMB

Name of item	Budget	December 31, 2017	Increase during the year	Transfer to fixed assets upon completion	Other decreases during the period	December 31, 2018	Proportion of project investment to the budget (%)	Project progress	Amount of accumulated capitalized interest	Including: Interest capitalized	Interest capitalisation rate for the period (%)	Sources of funds
Dual clutch transmission project and relocation	6,957,731,010.79	1,631,511,858.96	1,901,058,737.19	1,728,478,106.54	200,003,040.77	1,604,089,448.84	90	Under construction	6,246,038.68	1,303,465.09	5.20	Self-financed and raised funds
Project of technology improvement and capacity expansion of SGMW	14,788,662,776.39	4,059,291,461.80	2,509,199,431.34	2,465,814,924.63	29,605,660.45	4,073,070,308.06	83	Under construction	-	-	-	Self-financed
Construction of MG Pukou base phase II of NAGC	5,927,116,514.32	355,353,571.80	2,531,986,223.71	2,732,994,592.78	26,944,971.62	127,400,231.11	57	Under construction	-	-	-	Self-financed
Donghua CP4 logistics supporting project	622,451,492.36	28,323,422.69	139,773,769.15	29,774,210.89	59,506,015.04	78,816,965.91	84	Under construction	-	-	-	Self-financed
Project of technology improvement and capacity expansion of Shanghai Diesel	2,973,835,871.25	116,638,749.61	229,929,121.53	37,762,324.25	26,217,773.30	282,587,773.59	63	Under construction	-	-	-	Self-financed
Project of technology improvement and capacity expansion of Yanfeng Johnson	9,137,131,031.04	3,576,231,674.93	6,113,522,558.97	4,991,136,900.14	611,479,880.18	4,087,137,453.58	92	Under construction	149,276,105.45	90,048,698.75	5.99	Self-financed and raised funds
Project of passenger vehicles of self-owned brands	18,196,448,725.22	525,533,464.70	4,844,359,893.81	1,842,226,025.74	21,774,826.44	3,505,892,506.33	66	Under construction	-	-	-	Self-financed and raised funds
Project of R&D centre expansion	4,465,086,502.00	177,715,838.03	287,255,517.58	229,755,988.91	56,853,875.18	178,361,491.52	80	Under construction	-	-	-	Self-financed and raised funds
Project of construction of port of Anji Logistics	4,689,251,342.67	1,426,916,877.15	622,577,605.84	562,540,594.05	774,891,754.49	712,062,134.45	81	Under construction	-	-	-	Self-financed
Project of self-owned brand of Commercial Vehicles	6,677,981,719.92	1,509,773,061.70	1,976,694,171.61	842,116,654.45	65,091,237.46	2,579,259,341.40	68	Under construction	-	-	-	Self-financed and raised funds
Project of photovoltaic generation of Asset Management	1,440,451,067.16	41,516,654.43	163,816,946.14	113,502,040.05	10,912,368.82	80,919,191.70	90	Under construction	12,325,212.34	236,559.08	4.90	Self-financed
Project of self-owned brand in Thailand	1,155,000,000.00	366,395,657.95	390,794,941.69	596,633,014.36	32,080,192.91	128,477,392.37	63	Under construction	-	-	-	Self-financed
Project of Global Car Sharing periodic lease	1,072,472,841.48	768,010,014.80	1,410,563,422.20	1,439,784,690.75	107,217,697.46	631,571,048.79	88	Under construction	-	-	-	Self-financed
Project of Shanghong Real Estate Changfeng	3,030,480,000.00	446,179,690.95	143,298,450.59	-	-	589,478,141.54	50	Under construction	-	-	-	Self-financed
MG Indian project	1,053,673,735.20	207,908,069.34	636,525,724.06	760,058.20	-	843,673,735.20	80	Under construction	-	-	-	Self-financed
Project of Import and export international distribution center	553,003,106.22	238,707,387.63	41,705,299.53	280,412,687.16	-	-	100	Completion	-	-	-	Self-financed
Others	10,767,709,857.92	1,103,284,162.70	1,515,522,715.37	981,136,256.15	249,119,031.75	1,388,551,590.17		Under construction	-	-	-	Self-financed
Total	93,508,487,593.94	16,579,291,619.17	25,458,584,530.31	18,874,829,069.05	2,271,698,325.87	20,891,348,754.56	/	/	167,847,356.47	91,588,722.92	/	/

(4). Provision for impairment losses of construction in progress√ Applicable N/A

Unit: RMB

Item	Amount provision for the period	Reason for the provision
Project of technology improvement and capacity expansion of Yanfeng Johnson	447,640.03	
Total	447,640.03	/

Other explanations

√ Applicable N/A

At the end of current year, construction in progress with net book value of RMB 381,657,662.05 was pledged as collateral for bank borrowings. Refer to Note (VIII) 41.

(5). Materials for construction of fixed assets Applicable √ N/A**20. Bearer biological assets****(1). Bearer biological assets measured at cost** Applicable √ N/A**(2). Bearer biological assets measured at fair value** Applicable √ N/A

Other explanations

 Applicable √ N/A**21. Oil and gas assets** Applicable √ N/A

22. Intangible assets

(1). Intangible assets

√ Applicable □ N/A

Unit: RMB

Item	Land use right	Know-how	Royalty right	Software	Patent	Trademark right	Others	Total
I. Cost								
1. December 31, 2017	11,635,942,507.75	3,559,042,607.91	176,316,551.39	2,397,760,709.58	1,033,952,252.05	264,962,933.29	988,543,052.10	20,056,520,614.07
2. Increase in the period	2,298,565,925.60	427,475,244.92	2,250,736.82	769,338,205.91	-	-	316,742,093.18	3,814,372,206.43
(1) Purchase	1,235,973,258.21	20,217,443.74	2,250,736.82	192,735,047.09	-	-	1,890,552.00	1,453,067,037.86
(2) Internal R&D								-
(3) Increases from business combination	163,130,429.35	364,590,000.00	-	5,093,632.28	-	-	302,120,977.95	834,935,039.58
(4) Transfer from investment properties	42,747,605.70	-	-	-	-	-	-	42,747,605.70
(5) Transfer from construction in progress	856,714,632.34	42,075,429.30	-	561,054,898.36	-	-	11,898,877.00	1,471,743,837.00
(6) Increases due to changes in the exchange rate	-	592,371.88	-	10,454,628.18	-	-	831,686.23	11,878,686.29
3. Decrease in the current period	529,366,848.67	111,650,187.45	-	35,662,414.76	-	-	292,076,319.08	968,755,769.96
(1) Disposals	203,841,982.09	111,650,187.45	-	35,662,414.76	-	-	292,076,319.08	643,230,903.38
(2) Transfer to investment properties	324,199,856.22	-	-	-	-	-	-	324,199,856.22
(3) Decreases due to changes in the exchange rate	1,325,010.36	-	-	-	-	-	-	1,325,010.36
4. December 31, 2018	13,405,141,584.68	3,874,867,665.38	178,567,288.21	3,131,436,500.73	1,033,952,252.05	264,962,933.29	1,013,208,826.20	22,902,137,050.54
II. Accumulated amortization								
1. December 31, 2017	1,271,520,860.27	2,371,757,166.93	154,819,332.50	1,477,518,339.10	952,652,252.05	116,055,703.61	940,458,096.67	7,284,781,751.13
2. Increase in the current period	269,993,030.59	229,000,883.94	8,936,664.27	410,071,503.61	-	24,373,331.42	65,138,733.47	1,007,514,147.30
(1) Provision	239,841,217.34	227,285,893.45	8,936,664.27	408,294,464.36	-	24,373,331.42	64,488,224.24	973,219,795.08
(2) Transfer from investment properties	12,390,596.62	-	-	-	-	-	-	12,390,596.62
(3) Increases due to changes in the exchange rate during the year	-	248,796.19	-	1,426,807.91	-	-	650,509.23	2,326,113.33
(4) Increase from business combination	17,761,216.63	1,466,194.30	-	350,231.34	-	-	-	19,577,642.27
3. Decrease in the current period	87,339,192.94	28,690,460.65	-	17,897,732.45	-	-	291,530,500.00	425,457,886.04
(1) Disposals	57,882,410.82	28,690,460.65	-	17,897,732.45	-	-	291,530,500.00	396,001,103.92
(2) Transfer to investment properties	29,456,782.12	-	-	-	-	-	-	29,456,782.12
4. December 31, 2018	1,454,174,697.92	2,572,067,590.22	163,755,996.77	1,869,692,110.26	952,652,252.05	140,429,035.03	714,066,330.14	7,866,838,012.39
III. Impairment								
1. December 31, 2017	3,612,787.25	890,119,442.40	4,714,950.00	46,726,651.14	81,250,000.00	-	-	1,026,423,830.79
2. Increase in	-	541,721.65	-	-	-	-	-	541,721.65

the current period									
(1) Provision									
(2) Increases due to changes in the exchange rate during the year	-	541,721.65	-	-	-	-	-	-	541,721.65
3. Decrease in the current period	-	-	-	-	-	-	-	-	-
(1) Disposals									
4. December 31, 2018	3,612,787.25	890,661,164.05	4,714,950.00	46,726,651.14	81,250,000.00	-	-	-	1,026,965,552.44
IV. Net book value									
1. December 31, 2018	11,947,354,099.51	412,138,911.11	10,096,341.44	1,215,017,739.33	50,000.00	124,533,898.26	299,142,496.06		14,008,333,485.71
2. December 31, 2017	10,360,808,860.23	297,165,998.58	16,782,268.89	873,515,719.34	50,000.00	148,907,229.68	48,084,955.43		11,745,315,032.15

At the end of the period, intangible assets arising from internal R&D by the Company account for 0% of total balance of intangible assets.

(2). Land use right of which certificates of title have not been obtained

√ Applicable N/A

Unit: RMB

Item	Book value	Reasons why certificates of title have not been obtained
Land use right	829,613,395.94	In progress

Other explanations:

√ Applicable N/A

At the end of current year, land use right and know-how at net book value of RMB 1,911,365,572.15 and RMB 53,599,719.08 respectively were pledged as collateral for bank borrowings. Refer to Note (VIII) 41.

23. Development expenditure

√ Applicable N/A

Unit: RMB

Item	December 31, 2017	Increase		Decrease		December 31, 2018
		Internal development expenditure	Others	Recognized as intangible assets	Recognized in profit or loss	
Research expenditures	-	3,410,659,084.74			3,410,659,084.74	-
Development expenditures	1,725,507.76	12,511,278,029.81			11,974,353,556.44	538,649,981.13
Total	1,725,507.76	15,921,937,114.55			15,385,012,641.18	538,649,981.13

Other explanations

Development expenditures accounts for 78.58% of total research and development expenditures during the year.

24. Goodwill**(1). Cost**√ Applicable N/A

Unit: RMB

Name of the investee or item resulting in goodwill	December 31, 2017	Increase	Decrease	December 31, 2018
		Business combination	Disposal	
SAIC-GMAC Automotive Finance Co., Ltd.	333,378,433.68	-	-	333,378,433.68
Shanghai International Automobile City New Energy Automotive Operation Service Co., Ltd.	142,443,867.15	-	-	142,443,867.15
Chongqing Yanfeng Johnson Automotive Parts Systems Co., Ltd.	71,566,642.00	-	-	71,566,642.00
Wuhan Zhonghaiting Data Technology Co., Ltd.	55,012,594.38	-	-	55,012,594.38
Shanghai Sunwin Bus Co., Ltd.	53,349,858.83	-	-	53,349,858.83
Shanghai Diesel Engine Co., Ltd.	6,994,594.88	-	-	6,994,594.88
Zhejiang Lishui Yidong New Energy Automobile Operation Service Co., Ltd.	2,820,855.59	-	-	2,820,855.59
Zhejiang Quzhou Yidong New Energy Automobile Operation Service Co., Ltd.	946,936.57	-	-	946,936.57
ANJI-CEVA Logistics Co., Ltd.	290,248.50	-	-	290,248.50
HASCO Vision Technology (Shanghai) Co., Ltd. (Note)	-	781,115,081.73	-	781,115,081.73
Others	61,210,974.61	5,825,349.96	15,007,257.63	52,029,066.94
Total	728,015,006.19	786,940,431.69	15,007,257.63	1,499,948,180.25

Note: Refer to Note (IX) 1 (1).

(2). Impairment of goodwill√ Applicable N/A

Unit: RMB

Name of the investee or item resulting in goodwill	December 31, 2017	Increase	Decrease	December 31, 2018
		Provision	Disposal	
Others	4,343,885.36	14,232,067.36		18,575,952.72
Total	4,343,885.36	14,232,067.36		18,575,952.72

(3). Details of asset group or portfolio of goodwill Applicable N/A**(4). Describe the test procedure, parameters of impairment of goodwill (e.g.: growth rate during the forecast period and stable period, profit rate, discount rate, and forecast period when estimating the present value of future cash flows, if applicable) as well as recognition method for impairment loss** Applicable N/A**(5). Effect of impairment testing of goodwill** Applicable N/A

Other explanations

 Applicable N/A

25. Long-term prepaid expenses√ Applicable N/A

Unit: RMB

Item	December 31, 2017	Increase	Amortization	Other decrease	December 31, 2018
Improvement expenditure of fixed assets	1,626,508,235.44	593,453,575.86	39,849,690.46	471,692,020.97	1,708,420,099.87
Others	208,717,888.60	294,892,663.74	61,073,834.22	103,983,930.66	338,552,787.46
Total	1,835,226,124.04	888,346,239.60	100,923,524.68	575,675,951.63	2,046,972,887.33

26. Deferred tax assets/deferred tax liabilities**(1). Deferred tax assets that are not offset**√ Applicable N/A

Unit: RMB

Item	December 31, 2018		December 31, 2017	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for impairment losses of assets	6,277,955,490.26	1,462,667,415.77	6,333,639,496.66	1,378,957,429.00
Unrealized profit from intragroup transactions	7,229,115,698.36	1,807,278,924.59	4,083,479,312.50	1,015,721,035.76
Deductible losses				
Temporary difference arising from depreciation of fixed assets	713,308,328.18	190,108,829.54	703,719,309.08	186,755,595.17
Temporary difference arising from amortization of intangible assets	41,593,226.36	10,398,304.07	41,432,648.24	10,358,159.55
Deferred income	6,277,238,783.21	1,428,071,022.73	5,528,896,447.55	1,260,778,581.80
Temporary difference from available-for-sale financial assets measured at fair value	225,932,835.96	56,483,208.99	5,657,565.00	1,414,391.25
Temporary difference from financial assets at FVTPL measured at fair value	256,538,454.97	64,134,613.74	143,223,172.96	35,805,793.24
Liabilities accrued but unpaid	95,515,716,487.73	22,035,566,034.49	88,786,647,525.85	20,510,815,201.47
Others	4,084,808,636.53	878,195,068.33	2,599,712,967.62	606,289,422.21
Total	120,622,207,941.56	27,932,903,422.25	108,226,408,445.46	25,006,895,609.45

(2). Deferred tax liabilities that are not offset√ Applicable N/A

Unit: RMB

Item	December 31, 2018		December 31, 2017	
	Taxable temporary differences	Differed tax liabilities	Taxable temporary differences	Differed tax liabilities
Assets assessment appreciation for business combination not involving enterprises under common control	1,328,481,582.70	296,350,258.81	855,154,204.36	240,845,009.98
Changes in fair value of available-for-sale financial assets	7,213,328,588.39	1,363,578,602.81	13,163,101,455.13	2,514,058,711.87
Temporary difference from financial assets at FVTPL measured at fair value	25,747,922.38	6,436,980.59	89,420,580.42	22,355,145.11
Temporary difference from depreciation of fixed assets	1,479,263,394.16	375,622,107.73	1,205,815,373.46	259,936,203.90
Others	989,738,343.21	227,927,814.25	463,730,533.07	119,454,444.49
Total	11,036,559,830.84	2,269,915,764.19	15,777,222,146.44	3,156,649,515.35

(3). Deferred tax assets and deferred tax liabilities that are presented at the net amount after offset√ Applicable N/A

Unit: RMB

Item	Offset amount between deferred tax assets and liabilities at December 31, 2018	Deferred tax assets or liabilities after offset at December 31, 2018	Offset amount between deferred tax assets and liabilities at December 31, 2017	Deferred tax assets or liabilities after offset at December 31, 2017
Deferred tax assets	3,239,652.00	27,929,663,770.25	71,601,227.24	24,935,294,382.21
Deferred tax liabilities	3,239,652.00	2,266,676,112.19	71,601,227.24	3,085,048,288.11

(4). Details of unrecognized deferred tax assets√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Deductible temporary differences		
Deductible losses		
Deductible losses and deductible temporary differences	59,305,531,965.09	61,662,573,167.69
Total	59,305,531,965.09	61,662,573,167.69

(5). Deductible losses, for which no deferred tax assets are recognized, will expire in the following years Applicable N/A

Other explanations:

Applicable N/A

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

Unit: RMB

Item	Amount
December 31, 2017	21,850,246,094.10
Decrease due to changes in the scope of consolidation during the year	-72,478,964.30
Recognized in profit or loss of the year	2,656,046,277.46
Recognized in equity during the year	1,229,174,250.80
December 31, 2018	25,662,987,658.06

Note: In those recognized in equity during the year, RMB 1,205,548,926.80 was the effect of profit or loss due to changes in fair value of held-for-sale financial assets for tax purpose, and RMB 23,625,324.00 was translation difference of financial statements denominated in foreign currencies.

27. Other non-current assets

Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Prepayment of long-term assets	1,455,848,123.44	1,324,323,865.74
Long-term entrusted loans	407,000,000.00	155,000,000.00
Receivables investment (Note 1)	1,293,000,000.00	220,000,000.00
Continuous involvement in the financial assets (Note 1)	1,055,985,144.66	182,200,000.00
Others	1,249,984,027.00	464,865,644.79
Less: Impairment of other non-current assets (Note 1)	-237,819,336.36	-37,800,000.00
Less: Other non-current assets due within one year (Note(VIII)10)	-382,000,000.00	-
Total	4,841,997,958.74	2,308,589,510.53

Other explanations:

Note 1: At the end of current year, receivables investment was the subordinated asset-backed securities issued for a special purpose trust held by SFC and SAIC-GMAC, the subsidiaries of the Company. The receivables investment totaled to RMB 1,293,000,000.00, impairment provision of RMB 237,014,855.34 was made, and the book value was RMB 1,055,985,144.66. Meanwhile, SFC and SAIC-GMAC have recognized continuous involvement in assets and liabilities by RMB 1,055,985,144.66 and RMB 1,055,985,144.66 respectively according to the degree of continuous involvement in financial assets. Refer to Note (VIII) 45.

28. Short-term borrowings**(1). Categories of short-term borrowings**

√ Applicable □ N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Pledged loans	314,000,000.00	154,000,000.00
Mortgaged loans		
Guaranteed loans	20,000,000.00	672,000,000.00
Credit loans	16,392,440,287.46	14,891,398,963.92
Total	16,726,440,287.46	15,717,398,963.92

Explanations on categories of short-term borrowings:

Note 1: At the end of current year, the guaranteed loans were secured by Jiangsu Susun Group Co., Ltd.

Note 2: At the end of current year, the pledged loan amounting to RMB 295,000,000.00 was obtained with accounts receivable of which the book value was RMB 278,723,228.44 as collateral. Refer to Note (VIII) 4; the pledged loan amounting to RMB 19,000,000.00 was obtained with equivalent bank acceptances as collateral. Refer to Note (VIII) 4.

(2). Short-term borrowings overdue but not yet repaid

□ Applicable √ N/A

Including significant short-term borrowings overdue but not yet repaid:

□ Applicable √ N/A

Other explanations

□ Applicable √ N/A

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

Unit: RMB

Item	December 31, 2018	December 31, 2017
Enterprises' deposits held by SFC and SAIC-GMAC	59,109,098,517.94	55,393,680,450.87
Short-term deposits held by SFC and SAIC-GMAC	12,779,768,242.09	15,091,995,948.21
Total	71,888,866,760.03	70,485,676,399.08

30. Taking from banks and other financial institutions

Unit: RMB

Item	December 31, 2018	December 31, 2017
Taking from banks and other financial institutions	51,770,000,000.00	34,930,500,000.00

31. Financial liabilities at fair value through profit or loss√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Financial liabilities designated as at fair value through profit or loss	977,399,765.77	194,535,047.77
Cash flow hedging instruments - currency swap contracts		9,088,763.89
Total	977,399,765.77	203,623,811.66

Other explanations:

Note: Financial liabilities designated as at fair value through profit or loss refer to the interests of other shareholders in structured entities that were included into the consolidation scope of consolidated financial statements as SAIC Financial Holding, a subsidiary of the Group, could have a control over them. As the financial assets to which these financial liabilities corresponded were mainly measured at fair value through profit or loss, SAIC Financial Holding designated these financial liabilities as at fair value through profit or loss, and such designation could evidently reduce the condition that the relevant gains or losses were different in recognition and measurement due to different measurement basis of the financial assets/liabilities.

32. Derivative financial liabilities Applicable N/A**33. Notes and accounts payable****Summary****(1). By categories**√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Notes payable	29,561,215,637.83	16,541,420,529.40
Accounts payable	125,265,496,964.04	121,119,412,722.34
Total	154,826,712,601.87	137,660,833,251.74

Other explanations:

 Applicable N/A**Notes payable****(2). Details of notes payable**√ Applicable N/A

Unit: RMB

Categories	December 31, 2018	December 31, 2017
Commercial acceptances	2,748,139,139.98	391,888,636.87
Bank acceptances	26,813,076,497.85	16,149,531,892.53
Total	29,561,215,637.83	16,541,420,529.40

At the end of current period, the balance of total notes receivable due but not paid was RMB 0.

Accounts payable**(3). Details of accounts payable**√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Accounts payable for purchase of materials and equipment, etc.	125,265,496,964.04	121,119,412,722.34
Total	125,265,496,964.04	121,119,412,722.34

(4). Description of significant accounts payable aged more than one year Applicable N/A

Other explanations

 Applicable N/A**34. Receipts in advance****(1). Details of receipts in advance**√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Receipt in advance arising from sales of vehicles, materials and parts, etc.	15,354,857,292.90	27,177,408,061.93
Total	15,354,857,292.90	27,177,408,061.93

(2). Significant receipts in advance aged more than one year Applicable N/A**(3). Billed but not yet completed projects arising from construction contracts at the end of the period** Applicable N/A

Other explanations

 Applicable N/A**35. Employee benefits payable****(1). Details of employee benefits payable**√ Applicable N/A

Unit: RMB

Item	December 31, 2017	Increase during the period	Decrease during the period	December 31, 2018
I. Short-term benefits	9,503,539,488.19	33,541,352,838.53	34,043,536,800.00	9,001,355,526.72
II. Post-employment benefit - defined contribution plans	172,015,646.18	2,542,553,686.39	2,553,227,879.96	161,341,452.61
III. Termination benefits	263,961,436.04	330,006,272.81	335,637,229.99	258,330,478.86
IV. Other benefits due within one year				
Total	9,939,516,570.41	36,413,912,797.73	36,932,401,909.95	9,421,027,458.19

(2). Details of short-term benefits√ Applicable N/A

Unit: RMB

Item	December 31, 2017	Increase during the period	Decrease during the period	December 31, 2018
I. Payroll, bonus, allowance and subsidies	5,932,574,523.10	27,945,516,007.75	27,771,235,801.59	6,106,854,729.26
II. Staff welfare	2,612,721,143.12	172,382,751.40	915,832,914.60	1,869,270,979.92
III. Social security contributions	222,369,694.45	1,379,176,783.08	1,364,677,281.29	236,869,196.24
IV. Housing funds	52,126,688.27	1,324,184,132.38	1,320,840,927.74	55,469,892.91
V. Trade union fund and employee education fund	412,770,853.33	540,214,491.83	521,057,330.82	431,928,014.34
VI. Short-term paid leaves				
VII. Short-term profit sharing plan				
Others	270,976,585.92	2,179,878,672.09	2,149,892,543.96	300,962,714.05
Total	9,503,539,488.19	33,541,352,838.53	34,043,536,800.00	9,001,355,526.72

(3). Details of defined contribution plan√ Applicable N/A

Unit: RMB

Item	December 31, 2017	Increase during the period	Decrease during the period	December 31, 2018
1. Basic pensions	164,226,361.76	1,900,866,844.84	1,918,086,337.85	147,006,868.75
2. Unemployment insurance	7,789,284.42	488,867,066.48	483,764,493.21	12,891,857.69
3. Enterprise annuity contribution	-	152,819,775.07	151,377,048.90	1,442,726.17
Total	172,015,646.18	2,542,553,686.39	2,553,227,879.96	161,341,452.61

Other explanations:

 Applicable N/A**36. Taxes payable**√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Value added tax	4,374,549,345.06	7,621,796,125.16
Consumption tax	607,700,716.02	676,683,544.80
Business tax		
Enterprise income tax	4,616,122,065.57	7,572,666,814.42
Individual income tax	203,075,071.89	216,952,660.74
City construction and maintenance tax	204,087,228.35	315,884,393.42
Education surcharge	197,368,785.16	436,007,251.07
Land use tax	33,916,047.46	44,993,648.20
Others	338,065,716.49	244,192,406.73
Total	10,574,884,976.00	17,129,176,844.54

37. Other payables**Summary****(1). By categories**√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Interest payable	962,428,254.89	610,559,018.57
Dividends payable	647,498,222.92	679,330,055.29
Other payables	65,940,536,629.41	59,041,743,593.18
Total	67,550,463,107.22	60,331,632,667.04

Other explanations:

 Applicable √ N/A**Interest payable****(2). By categories**√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Interest of long-term borrowings for which interest is paid by installments and principal is repaid upon maturity	74,673,432.77	32,061,127.17
Interest of corporate bonds	413,479,197.99	284,287,286.17
Interest payable on short-term borrowings	32,412,079.11	15,144,943.44
Interest of preference shares \ perpetual bonds classified as financial liabilities	441,863,545.02	279,065,661.79
Total	962,428,254.89	610,559,018.57

Significant overdue but unpaid interest:

 Applicable √ N/A

Other explanations:

 Applicable √ N/A**Dividends payable****(3). By categories**√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Dividends payable of subsidiaries due to minority shareholders	647,498,222.92	679,330,055.29
Total	647,498,222.92	679,330,055.29

Other payables**(1). Other payables by nature**√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Sales commission and discount	50,862,152,103.49	42,504,199,096.00
Dealers' guarantees and deposits	2,184,069,728.91	2,012,849,105.00
Others	12,894,314,797.01	14,524,695,392.18
Total	65,940,536,629.41	59,041,743,593.18

(2). Significant other payables aged more than one year Applicable √ N/A

Other explanations:

 Applicable √ N/A**38. Held-for-sale liabilities** Applicable √ N/A**39. Non-current liabilities due within one year**√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Long-term borrowings due within one year	5,643,316,038.39	3,726,475,396.84
Bonds payable due within one year	2,999,629,135.22	6,561,571,389.61
Provisions due within one year	5,961,745,793.71	6,646,505,329.10
Long-term payables due within one year	9,216,084.18	2,211,637.00
Total	14,613,907,051.50	16,936,763,752.55

Other explanations:

(1) Long-term borrowings due within one year

Unit: RMB

Item	December 31, 2018	December 31, 2017
Credit loans	5,081,129,640.15	3,112,086,058.84
Pledged loans	191,052,798.24	361,184,463.00
Mortgaged loans	208,230,000.00	162,360,000.00
Guaranteed loans	162,903,600.00	90,844,875.00
Total	5,643,316,038.39	3,726,475,396.84

(2) Bonds payable due within one year

Unit: RMB

Item	December 31, 2018	December 31, 2017
Bonds payable	2,999,629,135.22	6,561,571,389.61

(3) Provisions due within one year

Unit: RMB

Item	December 31, 2018	December 31, 2017
Products quality warranty	5,789,639,869.22	6,176,539,020.71
Others	172,105,924.49	469,966,308.39
Total	5,961,745,793.71	6,646,505,329.10

(4) Long-term payables due within one year

Unit: RMB

Item	December 31, 2018	December 31, 2017
Long-term payables	9,216,084.18	2,211,637.00

40. Other current liabilities

Details of other current liabilities

√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Short-term bonds payable		
Accrued expenses	96,947,473.10	116,215,224.84
Pending output VAT payables	51,534,567.19	24,761,606.01
Total	148,482,040.29	140,976,830.85

Changes in short-term bonds payable:

 Applicable N/A

Other explanations:

 Applicable N/A**41. Long-term borrowings****(1). Categories of long-term borrowings**√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Pledged loans (Note 1)	1,644,731,955.88	1,056,003,907.00
Mortgaged loans (Note 2)	2,457,839,217.59	720,308,531.04
Guaranteed loans (Note 3)	1,454,820,800.00	2,081,800,695.90
Credit loans	19,243,854,684.50	6,762,382,725.12
Less: Long-term borrowings due within one year	-5,643,316,038.39	-3,726,475,396.84
Total	19,157,930,619.58	6,894,020,462.22

Explanations on categories of long-term borrowings:

Note 1: At the end of current year, the pledged loan amounting to RMB 67,500,000.00 was obtained with the letter of guarantee amounting to RMB 100,000,000.00 issued by the Bank of East Asia (China) Shanghai Branch as collateral; the pledged loan amounting to RMB 277,231,955.88 was obtained with finance lease receivables of which the net book value was RMB 283,599,982.00 as collateral (refer to Note (VIII) 15); pledged loan amounting to RMB 1,000,000,000.00 was obtained with 10% equity in Yanfeng Automotive Trim Systems Co., Ltd. (“Yanfeng”) held by HASCO Motor; the pledged loan amounting to RMB 300,000,000.00 was obtained with 6.66% equity and usufruct amounting to RMB 675,768,136.32 in Sailing Capital International (Shanghai) Co., Ltd., which the net book value was RMB 675,768,136.32, (refer to Note (VIII) 16).

Note 2: At the end of current year, the mortgaged loan amounting to RMB 30,000,000.00 was obtained with construction in progress at net book value of RMB 107,040,269.68 as collateral (refer to Note (VIII) 19); the mortgaged loan amounting to RMB 80,922,863.88 was obtained with intangible assets—land use right at net book value of RMB 193,641,582.19, fixed assets—buildings at net book value of RMB 112,771,655.25, machinery and equipment at book value of RMB 5,638,946.81 and electronic equipment, fixtures and furniture at net book value of RMB 2,266,278.22 as collateral (refer to Note (VIII) 18 and 22); mortgaged loan amounting to RMB 44,100,000.00 was obtained with fixed assets—buildings at net book value of RMB 161,282,289.83 and intangible assets—land use right at net book value of RMB 47,171,789.56 as collateral (refer to Note (VIII) 18 and 22); the mortgaged loan amounting to RMB 119,958,027.62 was obtained with intangible assets—land use right at net book value of 27,243,045.94 and fixed assets—buildings at net book value of RMB 336,494,476.77 as collateral (refer to Note (VIII) 18 and 22); the mortgaged loan amounting to RMB 484,070,000.00 was obtained with intangible assets—land use right at net book value of RMB 92,239,057.54, fixed assets—buildings at net book value of RMB 411,808,917.35, machinery and equipment at net book value of RMB 154,270,582.24 and construction in progress at net book value of RMB 146,140,000.00 as collateral (refer to Note (VIII) 18, 19 and 22); the mortgaged loan amounting to RMB 230,074,186.40 was obtained with intangible assets-land use right at net book value of RMB 1,282,495,900.00 as collateral (refer to Note (VIII) 22); the mortgaged loan amounting to RMB 1,468,714,139.69 was obtained with fixed assets—buildings at net book value of RMB 985,619,473.63, machinery and equipment at net book value of RMB 96,094,637.57, mold at net book value of RMB 47,584,174.33, transportation vehicles at net book value of RMB 19,967,296.71, electronic equipment, fixtures and furniture at net book value of RMB 176,705,943.55, construction in progress at net book value of RMB 128,477,392.37, intangible assets-land use right at net book value of RMB 268,574,196.92, intangible assets—know-how at net book value of RMB 53,599,719.08, and accounts receivable at net book value of RMB 152,814,158.68 as collateral (refer to Note (VIII) 4, 18, 19 and 22).

Note 3: At the end of current year, the guaranteed loan amounting to RMB 1,440,760,800.00 was secured by Shanghai International Automobile City New Energy Automotive Operation Service Co., Ltd.; the guaranteed loan amounting to RMB 14,060,000.00 was secured by Shanghai International Automobile City Anting Cooperative Development Co., Ltd.

Other explanations, including interest rate range:

Applicable N/A

42. Bonds payable

(1). Bonds payable

Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Non-bank financial institution bonds of SAIC-GMAC (Note 1)	15,961,421,566.19	7,979,482,866.95
Financial asset-backed securities (Note 2)	413,000,000.00	2,953,451,871.90
Corporate bonds of HASCO (Note 3)		2,700,490,000.00
Less: Bonds payable due within one year (Note (VIII) 39)	-2,999,629,135.22	-6,561,571,389.61
Total	13,374,792,430.97	7,071,853,349.24

Note 1: SAIC-GMAC, a subsidiary of the Company, issued a three-year bond with a fixed interest rate of RMB 3,000,000,000 on January 20, 2016 in inter-bank bond markets with the coupon rate of 3.25% per annum and interest to be paid annually, and the bond has been repaid on January 20, 2019 upon maturity; SAIC-GMAC issued a bond with a fixed interest rate of RMB 3,000,000,000 on February 14, 2017 in inter-bank bond markets with the coupon rate of 4.35% per annum and interest to be paid annually. Maturity date of the bond is February 16, 2020. SAIC-GMAC issued a bond with a fixed interest rate of RMB 5,000,000,000 on April 2, 2018 in inter-bank bond markets with the coupon rate of 5.00% per annum and interest to be paid annually. Maturity date of the bond is April 4, 2020. SAIC-GMAC issued a bond with a fixed interest rate of RMB 5,000,000,000 on November 22, 2018 in inter-bank bond markets with the coupon rate of 4.05% per annum and interest to be paid annually. Maturity date of the bond is November 26, 2021. At the end of current year, the book balance of above bonds is RMB 15,961,421,566.19, in which RMB 2,999,629,135.22 will be due within one year.

Note 2: SAIC Financial Holding, a subsidiary of the Company, initiated to issue senior assets-backed notes with a fixed interest rate and total par value of RMB 413,000,000.00 on October 18, 2018, which was expected to be mature on January 26, 2020, with interest to be paid monthly.

Note 3: The opening balance has been mature in the current year and has been repaid completely.

(2). Changes in bonds payable (Excluding other financial instruments (preference shares, perpetual bonds and others) classified as financial liabilities)

Applicable N/A

(3). Converting terms and period of convertible corporate bonds

Applicable N/A

(4). Other financial instruments classified as financial liabilities

Basic information for outstanding preference shares, perpetual bonds and other financial instruments at the end of the period

Applicable N/A

Changes in financial instruments including outstanding preference shares and perpetual bonds at the end of the period

Applicable N/A

Basis for classifying other financial instruments to financial liabilities

Applicable N/A

Other explanations:

Applicable N/A

43. Long-term payables**Summary****(1). By categories**√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Long-term payables	435,905,203.11	185,098,294.29
Special payables	770,852,669.35	840,803,400.85
Less: Long-term payables due within one year (Note (VIII) 39)	-9,216,084.18	-2,211,637.00
Total	1,197,541,788.28	1,023,690,058.14

Other explanations:

 Applicable N/A**Long-term payables****(2). Long-term payables by nature** Applicable N/A**Special payables****(3). Special payables by nature**√ Applicable N/A

Unit: RMB

Item	December 31, 2017	Increase	Decrease	December 31, 2018
Special reward fund (Note 1)	799,193,690.72		29,486,021.37	769,707,669.35
Others	41,609,710.13		40,464,710.13	1,145,000.00
Total	840,803,400.85		69,950,731.50	770,852,669.35

Other explanations:

Note 1: Special reward fund is the special-purpose funds received by the Company from SAIC in 2011 through share purchase asset transactions launched by SAIC and Shanghai Automotive Industry Co., Ltd. Such fund is designated for special purpose of rewarding significant contributions to business developments, completion of strategic development objectives (including key annual goals), completion of significant projects or works. The fund is managed as special payables.

44. Long-term employee benefits payable√ Applicable N/A**(1). Statement of long-term employee benefits payable**√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
I. Post-employment benefit - net liabilities of defined benefit plans	3,396,309,239.30	3,131,316,283.36
II. Termination benefits	1,925,826,731.92	2,042,588,676.33
III. Other long-term benefits	531,098,064.41	498,901,336.33

Total	5,853,234,035.63	5,672,806,296.02
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(2). Movements of defined benefit plans

Present value of defined benefit plan obligations:

√ Applicable N/A

Unit: RMB

Item	2018	2017
I. January 1	3,131,316,283.36	3,770,581,914.49
II. Cost of defined benefit plans recognized in profit or loss	97,400,778.40	86,819,227.95
1. Current service cost	2,782,218.24	22,934,895.58
2. Past service cost	-	3,822,449.88
3. Gains on curtailments and settlements (losses are indicated by "-")	-28,955,224.04	-73,413,436.75
4. Net value of interests	123,573,784.20	133,475,319.24
III. Cost of defined benefit plans recognized in other comprehensive income	253,238,216.07	-635,470,177.59
1. Actuarial gains (losses are indicated by "-")	253,238,216.07	-635,470,177.59
IV. Other movements	-85,646,038.53	-90,614,681.49
1. Consideration paid at the time of settlement		
2. Benefits paid	-85,646,038.53	-90,614,681.49
V. December 31	3,396,309,239.30	3,131,316,283.36

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

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

The most recent actuarial valuation of the defined benefit plan liabilities was carried out at December 31, 2018 by professional institution. The present value of the defined benefit obligation and the related service cost were measured using the projected unit credit method.

Significant actuarial assumptions for the purposes of the actuarial valuations are discount rate, benefit increase rate and death rate. The discount rates used are 3% - 3.75%. The assumption of death rate was based on "China Life Insurance Mortality Table (2010-2013)".

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

If the discount rate is 25 basis points higher (lower), the present value of defined benefit plan liabilities would decrease by RMB 134 million (increase by RMB 143 million).

If the benefit increase rate increases (decreases) by 1%, the present value of defined benefit plan liabilities would increase by RMB 608 million (decrease by RMB 449 million).

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

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

Planned asset:

Applicable N/A

Net liabilities (assets) of defined benefit plan

Applicable N/A

Explanation on the defined benefit plan, corresponding risks, and effects on the Company's future cash flows, timing and uncertainty:

Applicable N/A

Explanations on significant actuarial assumptions and sensitivity analysis of the defined benefit plan

Applicable N/A

Other explanations:

Applicable N/A

45. Provisions

Applicable N/A

Unit: RMB

Item	December 31, 2017	December 31, 2018	Reason
Obligation of guarantees provided to outsiders			
Pending litigations			
Products quality warranty	16,823,298,242.55	17,009,056,005.50	
Expected compensation expenditure	712,019,572.89	711,821,194.26	

Liability due to continuing involvement	182,200,000.00	1,055,985,144.66	
Restructuring obligation			
Onerous contracts to be performed			
Others	2,389,905,438.56	2,450,571,105.70	
Less: Provisions due within one year	-6,646,505,329.10	-5,961,745,793.71	
Total	13,460,917,924.90	15,265,687,656.41	/

46. Deferred income**Information of deferred income**√ Applicable N/A

Unit: RMB

Item	December 31, 2017	Increase	Decrease	December 31, 2018	Reason
Government grants	12,326,621,287.99	3,233,353,849.74	1,532,846,072.01	14,027,129,065.72	
Interest received in advance by SFC and SAIC-GMAC	8,809,347,819.94	8,011,536,810.63	6,523,617,815.20	10,297,266,815.37	
Others	2,110,501,822.99	867,227,367.25	691,504,082.58	2,286,225,107.66	
Total	23,246,470,930.92	12,112,118,027.62	8,747,967,969.79	26,610,620,988.75	/

Items relating to government grants:

√ Applicable N/A

Unit: RMB

Item	December 31, 2017	Increase	Amount recognized in non-operating income	Amount recognized in other income	Other changes	December 31, 2018	Related to assets/income
Relocation compensation	6,975,575,761.87	276,235,766.79	438,734,604.10	211,131,045.15		6,601,945,879.41	Assets/ Income
Subsidies for purchase of long-term assets	3,696,998,991.12	2,210,440,184.92	-	342,722,137.19		5,564,717,038.85	Assets
Technical improvement	441,173,991.46	147,600.00	-	68,696,958.06		372,624,633.40	Assets
Subsidies for project development	1,212,872,543.54	515,367,224.62	-	240,398,254.10		1,487,841,514.06	Income
Total	12,326,621,287.99	3,002,190,776.33	438,734,604.10	862,948,394.50		14,027,129,065.72	

Other explanations:

 Applicable N/A**47. Other non-current liabilities** Applicable N/A**48. Share capital**√ Applicable N/A

At the end of current year, the Company had registered capital and paid-in capital of RMB 11,683,461,365.00, with a par value of RMB1.00 per share. Categories and composition of the shares are as follows:

Unit: RMB

	December 31, 2017	Changes (+, -)					December 31, 2018
		New shares	Allotment	Capitalization of surplus reserve	Others	Sub- total	
Total shares	11,683,461,365						11,683,461,365

Other explanations:

Note: Refer to Note (III).

49. Other equity instruments

(1). Basic information of other financial instruments including outstanding preference shares and perpetual bonds at the end of the period

Applicable N/A

(2). Changes in financial instruments including outstanding preference shares and perpetual bonds at the end of the period

Applicable N/A

Explanation for changes in other equity instrument, corresponding reasons and basis of relevant accounting treatment in the current period:

Applicable N/A

Other explanations:

Applicable N/A

50. Capital reserve

Applicable N/A

Unit: RMB

Item	December 31, 2017	Increase	Decrease	December 31, 2018
Capital premium (share premium)	53,872,908,052.21	4,552,872.89		53,877,460,925.10
Other capital reserve (Note 1)	995,526,825.66	449,957,779.68		1,445,484,605.34
Total	54,868,434,877.87	454,510,652.57		55,322,945,530.44

Other explanations, including increase or decrease in the period and related reasons:

Note 1: In the other capital reserve, RMB 388,348,920.69 was resulted from the increase in capital reserve due to premium contribution made by other shareholders of a subsidiary of Shanghai Saiwei Investment Center (Limited Partnership), a joint venture of the Group; RMB 57,487,921.67 was resulted from compelled dilution of shareholding ratio of the Group in its joint venture Yapp Automotive Parts Co., Ltd.

51. Treasury shares

Applicable N/A

52. Other comprehensive income

Applicable N/A

Unit: RMB

Item	December 31, 2017	During the period					December 31, 2018
		Incurring amount before income tax	Less: Amount included in other comprehensive income in the prior period but transferred to profit or loss of the current period	Less: Income tax expenses	Attributable to the Company after income tax	Attributable to minority shareholders after income tax	
I. Other comprehensive income that will not be reclassified to profit or loss	1,022,191,958.64	-252,359,225.34	-	-	-255,834,422.67	3,475,197.33	766,357,535.97
Including: Changes due to re-measurement of defined benefit plans	1,023,545,717.72	-253,238,216.07	-	-	-256,347,050.06	3,108,833.99	767,198,667.66
Other comprehensive income that will not be reclassified to profit or loss under equity method	-1,353,759.08	878,990.73	-	-	512,627.39	366,363.34	-841,131.69
II. Other comprehensive income that may be reclassified to profit or loss	12,830,958,811.60	-2,984,594,878.81	4,074,880,560.48	-1,205,548,926.80	-5,583,270,803.42	-270,655,709.07	7,247,688,008.18
Including: Other comprehensive income that may be reclassified subsequently to profit or loss under equity method	-11,909,190.92	1,654,067.44	956,304.00	-	4,449,842.46	-3,752,079.02	-7,459,348.46
Profit or loss of changes in fair value of available-for-sale financial assets	12,623,483,626.60	-3,552,349,985.31	4,073,924,256.48	-1,205,548,926.80	-6,121,587,716.61	-299,137,598.38	6,501,895,909.99
Profit or loss on reclassification of held-to-maturity investments to available-for-sale financial assets							
Effective portion of profit or loss from cash flow hedges							
Translation difference of financial statements denominated in foreign currencies	219,384,375.92	566,101,039.06	-	-	533,867,070.73	32,233,968.33	753,251,446.65
Total	13,853,150,770.24	-3,236,954,104.15	4,074,880,560.48	-1,205,548,926.80	-5,839,105,226.09	-267,180,511.74	8,014,045,544.15

53. Special reserve

Applicable N/A

54. Surplus reserve

Applicable N/A

Unit: RMB

Item	December 31, 2017	Increase	Decrease	December 31, 2018
Statutory surplus reserve	19,682,344,053.70	3,096,686,047.65		22,779,030,101.35
Discretionary surplus reserve	18,064,141,547.16	-		18,064,141,547.16
Reserve fund				
Enterprise development fund				
Others				
Total	37,746,485,600.86	3,096,686,047.65		40,843,171,648.51

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

55. Retained earnings

√ Applicable □ N/A

Unit: RMB

Item	2018	2017
Balance at the end of prior period before adjustment	104,694,637,497.79	96,792,960,860.43
Adjustment of opening balance of retained earnings (add: +; less: -)	-	-1,127,931,923.55
Balance at the beginning of current period (adjusted)	104,694,637,497.79	95,665,028,936.88
Add: Net profit attributable to the owners of the Company	36,009,210,583.83	34,410,339,492.71
Less: Appropriation to statutory surplus reserve	3,096,686,047.65	2,745,953,003.89
Appropriation to discretionary surplus reserve	-	2,745,953,003.89
Appropriation to general risk reserve		
Dividends distribution on ordinary shares (Note 1)	21,380,734,297.95	19,277,711,252.25
Conversion of ordinary shares' dividends into share capital		
Appropriation to general risk reserve of SFC and SAIC-GMAC	818,399,772.80	341,334,149.92
Appropriation to foreign capital reserve of SFC	4,023,972.65	2,726,814.01
Appropriation to staff incentive and welfare fund of subsidiaries	172,382,751.40	221,095,450.91
Influence of business combination involving enterprises under common control	-	45,957,256.93
Increase/decrease due to changes in shareholding ratio of the Company in subsidiaries (Note 2)	134,256,271.85	-
Balance at the end of period	115,097,364,967.32	104,694,637,497.79

Details of adjustment of retained earnings at the beginning of the current period:

1. Retained earnings at the beginning of the current period amounting to RMB 0 was affected due to retrospective adjustment based on ASBE and relevant new regulations.
2. Retained earnings at the beginning of the current period amounting to RMB 0 was affected due to changes in accounting policies.
3. Retained earnings at the beginning of the current period amounting to RMB 0 was affected due to corrections of significant accounting errors.
4. Retained earnings at the beginning of the current period amounting to RMB 0 was affected due to changes in consolidation scope of business combination involving enterprises under common control.
5. Retained earnings at the beginning of the current period amounting to RMB 0 was affected due to other adjustments.

Note 1: Prior year's cash dividends approved at general meeting of shareholders

Pursuant to resolution made at 2017 annual general meeting of shareholders on June 26, 2018, the Company distributed cash dividends of RMB 18.30 (inclusive of tax) per 10 shares, amounting to RMB 21,380,734,297.95 based on total 11,683,461,365 shares.

Note 2: Refer to Note (X) 2.

Note 3: Profit distribution proposed after the balance sheet date

Pursuant to the proposals made at the 4th meeting of the 7th session of the Board of Directors, the Company planned to distribute cash dividends of RMB 12.60 (inclusive of tax) per 10 shares, based on total 11,683,461,365 shares after appropriation of statutory surplus reserve at 10% of profit after tax of the Company. The dividend distribution plan is yet to be approved at the general meeting of shareholders.

56. Operating income/costs

(1). Operating income/costs

√ Applicable □ N/A

Unit: RMB

Item	Year ended December 31, 2018		Year ended December 31, 2017	
	Income	Costs	Income	Costs
Primary operations	867,381,236,766.40	752,776,464,661.54	838,716,802,746.34	724,972,514,514.82
Other operations	20,244,970,522.01	17,209,357,838.12	19,260,915,160.30	17,409,897,772.99
Total	887,626,207,288.41	769,985,822,499.66	857,977,717,906.64	742,382,412,287.81

(1) Primary operations

Unit: RMB

	Year ended December 31, 2018		Year ended December 31, 2017	
	Operating income	Operating costs	Operating income	Operating costs
Sales of vehicles	667,308,457,248.59	590,918,548,655.90	656,823,126,849.67	579,156,276,545.62
Sales of parts	175,459,626,179.39	140,043,700,616.08	158,523,258,970.84	125,820,179,039.15
Trading	9,521,282,310.93	8,861,249,145.62	11,535,159,661.87	10,820,718,697.13
Service and others	15,091,871,027.49	12,952,966,243.94	11,835,257,263.96	9,175,340,232.92
Total	867,381,236,766.40	752,776,464,661.54	838,716,802,746.34	724,972,514,514.82

(2) Other operations

Unit: RMB

	Year ended December 31, 2018		Year ended December 31, 2017	
	Operating income	Operating costs	Operating income	Operating costs
Sales of raw materials and waste	16,008,498,097.66	14,740,384,733.02	15,405,119,318.85	14,603,884,453.14
Rendering of services	1,715,986,886.11	1,199,206,877.11	1,098,911,605.60	846,274,011.44
Rental	771,232,687.32	531,658,005.13	981,293,589.84	1,042,179,667.01
Others	1,749,252,850.92	738,108,222.86	1,775,590,646.01	917,559,641.40
Total	20,244,970,522.01	17,209,357,838.12	19,260,915,160.30	17,409,897,772.99

(3) Operating income from the top five customers is as follows:

Unit: RMB

Name	Operating income	Proportion to total operating income (%)
Company 1	47,784,524,598.41	5.38
Company 2	21,607,254,761.26	2.43
Company 3	7,025,443,283.99	0.79
Company 4	5,350,244,274.41	0.60

Company 5	4,317,899,627.39	0.49
Total	86,085,366,545.46	9.69

57. Interest income/expenses

Unit: RMB

	Year ended December 31, 2018		Year ended December 31, 2017	
	Income	Expenses	Income	Expenses
Interest income/expenses of financial companies	12,586,716,281.29	3,562,591,536.38	11,159,664,795.06	2,668,651,785.39

58. Fee and commission income/ expenses

Unit: RMB

	Year ended December 31, 2018		Year ended December 31, 2017	
	Income	Expenses	Income	Expenses
Fee and commission income/expenses of financial companies	1,981,141,162.54	330,011,316.57	1,502,044,298.37	160,769,428.00

59. Taxes and levies

√ Applicable □ N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Consumption tax	4,467,164,421.17	4,523,964,579.18
Business tax		
City construction and maintenance tax	947,728,637.98	1,095,247,564.67
Education surcharges	881,842,582.54	1,114,485,492.54
Resource tax		
Property tax	321,549,782.61	258,893,690.59
Land use tax	155,721,770.77	150,938,959.10
Vehicle and vessel use tax		
Stamp tax	531,385,948.12	574,683,339.54
River management fees and flood prevention surcharge	-	87,896,176.27
Others	157,938,341.31	75,566,039.32
Total	7,463,331,484.50	7,881,675,841.21

60. Selling expenses

√ Applicable □ N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Transportation expenses	17,318,949,741.30	15,752,810,995.92
Advertising expenses	13,523,103,088.99	13,572,320,163.37
Products quality warranty	4,571,537,296.89	4,986,938,125.71

Others	28,009,437,014.23	26,809,610,824.09
Total	63,423,027,141.41	61,121,680,109.09

61. Administrative expenses√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Salaries	9,989,167,805.11	8,492,086,973.53
Depreciation and amortization	1,811,460,305.87	1,492,895,703.88
Technology transfer fee	184,778,980.61	91,029,950.76
Others	9,350,608,033.84	8,210,366,553.65
Total	21,336,015,125.43	18,286,379,181.82

62. Research and development expenses√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Research expenditure	3,410,659,084.74	2,782,783,466.48
Development expenditure	11,974,353,556.44	10,232,045,566.32
Total	15,385,012,641.18	13,014,829,032.80

63. Financial expenses√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Interest expenses	1,954,685,452.84	1,419,413,007.02
Less: Capitalized interest expenses (Note (VIII) 19)	-91,588,722.92	-25,224,069.68
Less: Interest income	-1,618,779,749.28	-1,380,458,688.77
Exchange gain or loss	-133,136,328.30	4,369,238.40
Others	84,256,642.33	125,135,080.89
Total	195,437,294.67	143,234,567.86

64. Impairment losses of assets√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
1.Bad debt loss	596,890,982.27	914,542,198.51
2.Loss from decline in value of inventories	1,102,603,047.40	910,819,529.74
3.Impairment on available-for-sale financial assets	165,864,304.50	33,432,849.76
4. Impairment on held-to-maturity investments	4,259,590.46	-
5. Impairment on long-term equity investments		

6. Impairment on investment properties		
7. Impairment on fixed assets	268,508,038.19	332,665,247.97
8. Impairment on materials for construction of fixed assets		
9. Impairment on construction in progress	447,640.03	52,455,234.00
10. Impairment on bearer biological assets		
11. Impairment on oil and gas assets		
12. Impairment on intangible assets	-	8,503,156.89
13. Impairment on goodwill	14,232,067.36	-
14. Others	1,337,694,118.10	1,487,176,722.05
Total	3,490,499,788.31	3,739,594,938.92

65. Other income√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Government grants	3,126,294,342.09	2,024,571,903.91
Total	3,126,294,342.09	2,024,571,903.91

66. Investment income√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Income from long-term equity investments under equity method	25,920,863,141.08	28,303,551,928.39
Investment income on disposal of long-term equity investments	76,039,502.69	22,231,250.59
Investment income of financial assets at fair value through profit or loss during the hold period	110,671,861.69	206,961,018.12
Investment income acquired from disposal of financial assets at fair value through profit or loss		
Investment income from held-to-maturity investments during the hold period		
Investment income from disposal of held-to-maturity financial assets		
Investment income from available-for-sale financial assets	5,770,083,011.53	2,156,504,269.21
Investment income from disposal of available-for-sale financial assets		
Gains arising from re-measured remaining equity at fair value after the loss of control		
Gain from business combination not involving enterprises under common control achieved in stages involving multiple transactions (Note)	925,813,801.85	-
Gain from financial assets purchased under resale agreements	120,586,763.17	91,491,714.82
Others	201,804,546.58	30,868,705.99
Total	33,125,862,628.59	30,811,608,887.12

Other explanations:

Note: It is mainly resulted from the business combination not involving enterprises under common control of HASCO Vision by HASCO Motor, a subsidiary of the Group in 2018. Refer to Note (IX) 1.

67. Gains from changes in fair values√ Applicable N/A

Unit: RMB

Source	Year ended December 31, 2018	Year ended December 31, 2017
Financial assets at fair value through profit or loss	-128,038,689.29	-9,800,710.24
Including: Gains from changes in fair values arising from derivatives		
Financial liabilities at fair value through profit or loss	15,224,021.65	5,464,952.23
Investment properties measured at fair value		
Total	-112,814,667.64	-4,335,758.01

68. Gains from disposal of assets√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Gains from disposal of fixed assets	225,752,932.08	27,140,829.47
Gains (losses) from disposal of intangible assets	257,712,663.89	-4,894,693.90
Total	483,465,595.97	22,246,135.57

69. Non-operating income

Information of non-operating income

√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017	Amount included in non-recurring profit or loss for the period
Total gains on disposal of non-current assets			
Gains on debt restructuring	55,000.00	506,460.00	55,000.00
Gains on exchange of non-monetary assets			
Donations received			
Government grants	457,342,766.15	633,968,777.28	457,342,766.15
Discount of equity transactions	523,565,099.74	49,890,193.94	523,565,099.74
Payables waived by creditors	30,469,038.71	26,974,080.63	30,469,038.71
Acquisition discounts from business combination not involving enterprises under common control	-	40,936,906.67	-
Others	113,679,393.09	116,293,383.37	113,679,393.09
Total	1,125,111,297.69	868,569,801.89	1,125,111,297.69

Government grants recognized in profit or loss

√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017	Related to asset/income
Relocation compensation	438,734,604.10	628,063,044.67	Asset/income
Others	18,608,162.05	5,905,732.61	Income
Total	457,342,766.15	633,968,777.28	

Other explanations:

 Applicable N/A**70. Non-operating expenses**√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017	Amount included in non-recurring profit or loss for the period
Total loss on disposal of non-current assets			
Losses on debt restructuring	359,726.30	-	359,726.30
Losses on exchange of non-monetary assets			
Donations	60,409,453.70	10,617,463.84	60,409,453.70
Relocation	183,293,769.61	220,663,391.27	183,293,769.61
Indemnity loss to suppliers	76,773,079.79	182,916,006.52	76,773,079.79
Others	134,243,238.70	303,347,486.41	134,243,238.70
Total	455,079,268.10	717,544,348.04	455,079,268.10

71. Income tax expenses**(1). Statement of income tax expenses**√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Current income tax expenses	9,142,246,265.22	11,546,417,781.19
Effect of prior year's income tax annual filing	-547,013,558.69	-434,337,588.78
Deferred tax expenses	-2,656,046,277.46	-3,967,165,105.26
Total	5,939,186,429.07	7,144,915,087.15

(2). Adjustment on accounting profit and income tax expenses√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018
Total profit	54,343,849,830.93
Income tax expense calculated based on statutory/applicable tax rate	8,151,577,474.64
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,675,437,447.33
Effect of adjustment on income tax for the periods	-547,013,558.69
Effect of non-taxable income	-5,071,199,587.79
Effect of non-deductible cost, expense and loss	196,923,806.58
Effect of utilizing deductible loss not recognized for deferred tax assets for prior period	-276,519,840.07
Effect of deductible temporary difference or deductible loss not recognized for deferred tax assets for the current period	1,276,848,571.83
Changes in opening balances of deferred tax assets/liabilities resulted from tax rate adjustment	-
Effect of super tax deduction for research and development expenditures	-466,867,884.76
Income tax expenses	5,939,186,429.07

Other explanations:

 Applicable N/A**72. Off-balance-sheet entrusted business of SFC**

Unit: RMB

	December 31, 2018	December 31, 2017
Entrusted loans of SFC	1,783,000,000.00	1,408,000,000.00
Entrusted investments of SFC	203,900,000.00	195,900,000.00
Total	1,986,900,000.00	1,603,900,000.00

73. Items in the cash flow statement**(1). Other cash receipts relating to operating activities**√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Cash receipts from financial leases and government grants	12,080,260,746.15	6,753,340,484.82
Total	12,080,260,746.15	6,753,340,484.82

(2). Other cash payments relating to operating activities√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Cash payments for operating activities and others	51,747,553,031.95	43,015,974,732.59
Total	51,747,553,031.95	43,015,974,732.59

(3). Other cash receipts relating to investing activities√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Cash receipts from relocation and project grants	-	1,187,992,352.33
Total	-	1,187,992,352.33

(4). Other cash payments relating to investing activities Applicable √ N/A**(5). Other cash receipts relating to financing activities**√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Cash receipts from recovery of bank draft deposits	-	173,511,396.43
Total	-	173,511,396.43

(6). Other cash payments relating to financing activities√ Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Cash payments for bank draft deposits	4,265,420,025.62	4,943,396.23
Total	4,265,420,025.62	4,943,396.23

74. Supplementary information to the cash flow statements**(1). Supplementary information to the cash flow statements**

√ Applicable □ N/A

Unit: RMB

Supplementary information	Year ended December 31, 2018	Year ended December 31, 2017
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	48,404,663,401.86	47,116,097,512.19
Add: Provision for impairment loss of assets	3,490,499,788.31	3,739,594,938.92
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	9,795,048,420.31	7,783,410,929.15
Amortization of intangible assets	973,219,795.08	667,040,843.01
Depreciation and amortization of investment properties	139,777,718.82	143,307,880.02
Amortization of long-term deferred expenses	575,675,951.63	490,745,389.29
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "-")	-300,171,826.36	198,417,255.70
Losses on write-off of fixed assets (gains are indicated by "-")		
Losses on changes in fair values (gains are indicated by "-")	112,814,667.64	4,335,758.01
Financial expenses (gains are indicated by "-")	1,863,096,729.92	1,394,188,937.34
Investment losses (income is indicated by "-")	-33,125,862,628.59	-
		30,811,608,887.12
Decrease in deferred tax assets (increase is indicated by "-")	-2,736,056,441.11	-4,136,528,821.38
Increase in deferred tax liabilities (decrease is indicated by "-")	80,010,163.65	169,363,716.12
Decrease in inventories (increase is indicated by "-")	-11,659,383,317.01	-
		13,663,638,414.36
Net decrease in repurchase arrangements	117,789,478.50	616,152,741.85
Decrease in operating receivables (increase is indicated by "-")	-32,048,652,268.89	-
		67,412,091,755.78
Increase in operating payables (decrease is indicated by "-")	23,293,185,157.90	78,002,283,912.45
Others		
Net cash flow from operating activities	8,975,654,791.66	24,301,071,935.41
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Closing balance of cash	106,217,412,808.88	106,944,175,426.61
Less: Opening balance of cash	106,944,175,426.61	94,102,422,789.28
Add: Closing balance of cash equivalents		
Less: Opening balance of cash equivalents		
Net increase in cash and cash equivalents	-726,762,617.73	12,841,752,637.33

(2). Net cash payments for the acquisition of subsidiaries during the period

□ Applicable √ N/A

(3). Net cash receipts from the disposal of subsidiaries during the period Applicable N/A**(4). Composition of cash and cash equivalents** Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
I. Cash	106,217,412,808.88	106,944,175,426.61
Including: Cash at hand	4,377,293.17	4,758,905.31
Bank deposits	105,245,892,310.32	106,824,075,250.52
Other monetary funds	967,143,205.39	115,341,270.78
Deposits with the central bank		
Deposits made with other banks		
Placements with banks		
II. Cash equivalents		
Including: Debt security investment due within three months		
III. Closing balance of cash and cash equivalents	106,217,412,808.88	106,944,175,426.61
Including: Restricted cash and cash equivalents of the Company or subsidiaries within the Group		

Other explanations:

 Applicable N/A**75. Notes to items in the statement of changes in owner's equity**

Describe matters such as the names and the adjustment amounts of the items included in "others" in respect of adjustments to the closing balances of the prior year:

 Applicable N/A**76. Assets with restricted ownership or use right** Applicable N/A

Unit: RMB

Item	Book value at December 31, 2018	Reason for restriction
Cash and bank balances	17,553,963,569.62	Refer to Note (VIII) 1
Notes receivable	473,338,511.00	Refer to Note (VIII) 4
Inventories		
Fixed assets	2,510,504,672.26	Refer to Note (VIII) 18
Intangible assets	1,964,965,291.23	Refer to Note (VIII) 22
Accounts receivable	431,537,387.12	Refer to Note (VIII) 4
Long-term receivables	283,599,982.00	Refer to Note (VIII) 15
Long-term equity investments	675,768,136.32	Refer to Note (VIII) 16
Construction in progress	381,657,662.05	Refer to Note (VIII) 19
Total	24,275,335,211.60	/

77. Foreign currency monetary items**(1). Foreign currency monetary items**

√ Applicable □ N/A

Unit: RMB

Item	Closing balance of foreign currency	Exchange rate	Closing balance of RMB equivalent
Cash and bank balances			
Including-USD	1,186,358,381.13	6.8632	8,142,214,841.37
-EUR	44,776,472.55	7.8473	351,374,413.04
-HKD	288,595,613.62	0.8762	252,867,476.65
-GBP	95,989,799.23	8.6762	832,826,696.08
-THB	1,604,152,707.68	0.2110	338,476,221.32
-INR	2,562,894,293.26	0.0979	250,907,351.31
-IDR	335,312,187,180.00	0.0005	167,656,093.59
-AUD	27,262,204.33	4.8250	131,540,135.89
-JPY	705,856,867.00	0.0619	43,692,540.07
-ZAR	24,207,830.00	0.4735	11,462,407.51
-Others	11,965,069,794.67		265,609,691.72
Accounts receivable			
Including-USD			
-EUR			
-HKD			
-RMB			
-RMB			
Long-term borrowings			
Including-USD			
-EUR	122,000,000.00	7.8473	957,370,600.00
-HKD			
-THB	6,960,730,519.85	0.2110	1,468,714,139.69
-RMB			
Short-term borrowings			
Including-USD	363,000,000.00	6.8632	2,491,341,600.00
-EUR	264,750,953.20	7.8473	2,077,580,155.05
-THB	2,101,800,000.00	0.2110	443,479,800.00

Other explanations:

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

(2). Description of overseas operating entities, including significant overseas operating entities, of which the major operation place, functional currency and choosing basis as well as change of functional currency should be disclosed

□ Applicable √ N/A

78. Hedging

□ Applicable √ N/A

79. Government grants**(1). Basic information of government grants**

Applicable N/A

(2). Return of government grants

Applicable N/A

Other explanations:

(1) Government grants related to assets

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Relocation compensation	276,235,766.79	32,692,700.70
Subsidies for purchase of long-term assets	2,210,440,184.92	1,303,647,512.81
Technical improvement	147,600.00	48,383,946.03
Total	2,486,823,551.71	1,384,724,159.54

(2) Government grants related to income

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Project development grants	793,601,764.09	946,595,212.93
Financial subsidies	1,976,957,145.32	1,163,589,740.41
Others	26,762,424.85	23,931,584.06
Total	2,797,321,334.26	2,134,116,537.40

(3) Government grants recognized in profit or loss and deferred income

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Government grants recognized in deferred income	3,002,190,776.33	2,007,073,471.23
Deferred income amortized in the current year	1,301,682,998.60	1,146,773,455.48
Government grants immediately recognized in profit or loss for the period	2,281,954,109.64	1,511,767,225.71

(4) Government grants recognized in non-operating income

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017	Related to assets/income
Relocation compensation	438,734,604.10	628,063,044.67	Asset/income
Others	18,608,162.05	5,905,732.61	Income
Total	457,342,766.15	633,968,777.28	

(5) Government grants recognized in other income

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017	Related to assets/income
Relocation compensation	211,131,045.15	-	Asset/income
Subsidies for purchase of long-term assets	342,722,137.19	300,651,336.37	Asset
Technical improvement	68,696,958.06	27,813,358.60	Asset
Financial subsidies	1,976,957,145.32	1,163,589,740.41	Income
Subsidies for project development	518,632,793.57	514,491,617.08	Income
Others	8,154,262.80	18,025,851.45	Income
Total	3,126,294,342.09	2,024,571,903.91	

80. Others Applicable N/A**IX. CHANGES IN THE SCOPE OF CONSOLIDATION****1. Business combination not involving enterprises under common control** Applicable N/A**(1). Business combination not involving enterprises under common control incurred in the current period** Applicable N/A

Unit: RMB

Acquiree's name	Acquisition cost	Proportion acquired (%)	Acquisition date	Income received by the acquiree from the acquisition date to the end of period	Net profit received by the acquiree from the acquisition date to the end of period
HASCO Vision (Note 1)	1,716,250,000.00	50	March 23, 2018	10,639,790,546.77	504,701,039.18

Other explanations:

Note 1: HASCO Vision was a joint venture of HASCO Motor, a subsidiary of the Group, and its equity was held by HASCO Motor, Toyota Tsusho Corporation (“Toyota”) and KOITO Manufacturing Co., Ltd. (“KOITO”) by 50.00%, 5.00% and 45.00% respectively. In 2017, HASCO Motor, Toyota and KOITO concluded an agreement by which HASCO Motor planned to acquire the 50.00% equity held by Toyota and KOITO in HASCO Vision at a price of RMB 1,716,250,000.00. For the above transaction, the industrial and commercial registration change has been completed on January 24, 2018, transaction procedures have been completed at Shanghai United Assets and Equity Exchange on February 10, 2018, and HASCO Motor has paid the equity consideration in full on March 23, 2018. HASCO Motor included HASCO Vision into the consolidation scope of its consolidated financial statements from March 23, 2018.

Note 2: Other business combinations not involving enterprises under common control of the Group during the year:

- (a) In the current year, Anji Logistics, a subsidiary of the Group, experienced business combination not involving enterprises under common control. Anji Logistics had held 49.00% equity of Shanghai Deshi Automotive Co., Ltd. (“Deshi”), but substantially controlled majority voting rights of the Board of Deshi after Deshi changed its articles of association in the current year so as to hold the control over Deshi. Therefore, Deshi was included into the consolidation scope of the consolidated financial statements since Anji Logistics obtained the control.
- (b) In the current year, Global Car Sharing, a subsidiary of the Group, experienced business combination not involving enterprises under common control. Global Car Sharing had held 35.00% equity of Shanghai Extracme Technology Co., Ltd. (“Shanghai Extracme”), and acquired another 30.00% equity of Shanghai Extracme so that the shareholding ratio was increased to 65.00% after the acquisition. Global Car Sharing included Shanghai Extracme into the consolidation scope of the consolidated financial statements since the acquisition date.
- (c) In the current year, Industrial Sale, a subsidiary of the Group, experienced business combination not involving enterprises under common control. Industrial Sale acquired 80.00% equity of Shanghai Dazhong Allied Auto-refitting Co., Ltd. in cash, and included it into the consolidation scope of the consolidated financial statements since the acquisition date.
- (d) In the current year, HASCO Motor, a subsidiary of the Group, experienced business combination not involving enterprises under common control. HASCO Motor acquired 100.00% equity of Yantai Tongyue Auto Parts Co., Ltd., and included it into the consolidation scope of the consolidated financial statements since the acquisition date.
- (e) In the current year, HASCO Motor, a subsidiary of the Group, experienced business combination not involving enterprises under common control. HASCO Motor acquired 100.00% equity of Wuhan Tongchang Auto Electronic Lighting Co., Ltd., and included it into the consolidation scope of the consolidated financial statements since the acquisition date.
- (f) In the current year, HASCO Motor (Hong Kong) Co., Ltd., a subsidiary of the Group, experienced business combination not involving enterprises under common control. HASCO Motor (Hong Kong) Co., Ltd. acquired 100.00% equity of H.A. Automotive Systems, Inc., and included it into the consolidation scope of the consolidated financial statements since the acquisition date.

The above business combinations not involving enterprises under common control brought goodwill amounting to RMB 5,825,349.96, discount amounting to RMB 84,838,481.01 (included in non-operating income), and gains from business combination not involving enterprises under common control that is achieved in stages that involve multiple transactions amounting to RMB 163,341.28 (included in investment income), and meanwhile increased total minority interests amounting to RMB 23,638,243.26, and total cash outflows from acquisition of subsidiaries amounting to RMB 181,145,282.58.

(2). Combination cost and goodwill√ Applicable N/A

Unit: RMB

Cost of combination	HASCO Vision Technology (Shanghai) Co., Ltd.
--Cash	1,716,250,000.00
-- Fair value of non-cash assets	
-- Fair value of debt issued or assumed	
-- Fair value of issued equity securities	
-- Fair value of contingent consideration	
-- Fair value of equity (held prior to the acquisition date) at the acquisition date	1,750,000,000.00
-- Others	
Total cost of combination	3,466,250,000.00
Less: Share of fair value of identifiable net assets acquired	2,685,134,918.27
Amount of goodwill/combination cost less than share of fair value of identifiable net assets	781,115,081.73

(3). Identifiable assets and liabilities of acquiree at the acquisition date√ Applicable N/A

Unit: RMB

	HASCO Vision Technology (Shanghai) Co., Ltd.	
	Fair value at the acquisition date	Book value at the acquisition date
Assets:	7,710,403,933.55	6,491,067,651.89
Liabilities:	4,935,032,695.07	4,752,132,252.82
Net assets	2,775,371,238.48	1,738,935,399.07
Less: Minority interests	90,236,320.21	90,236,320.21
Net assets acquired	2,685,134,918.27	1,648,699,078.86

(4). Gains or losses arising from equity held prior to the acquisition date remeasured at fair value

Whether there are any transactions where the business combination is achieved in steps and control is obtained in the reporting period

√ Applicable N/A

Unit: RMB

Name of acquiree	Book value of equity at the acquisition date held prior to the acquisition date	Fair value of equity at the acquisition date held prior to the acquisition date	Gains or losses from remeasurment at fair value of equity held prior to the acquisition date
HASCO Vision	824,349,539.43	1,750,000,000.00	925,650,460.57

(5). Descriptions about the combination consideration or identifiable assets of the acquiree and fair value of liabilities cannot be determined reasonably at the acquisition date or at the end of the current period Applicable √ N/A

(6). Other explanations Applicable N/A**2. Business combinations involving enterprise under common control** Applicable N/A**3. Counter purchase** Applicable N/A**4. Disposal of subsidiaries**

Whether the entity lost control over subsidiaries through a single disposal of the investment in them

 Applicable N/A

Unit: RMB

Name of subsidiary	Equity disposal method
Global Car Sharing Yueda Salt Lake Auto Leasing Co., Ltd.	Transfer of control
SAIC Bus Tangshan Co., Ltd.	Transfer of control
Jining Anji Fangyuan Automobile Sales & Service Co., Ltd.	Transfer of control

Other explanations:

 Applicable N/A**(1) Disposal of subsidiaries during the year:**

Global Car Sharing Yueda Salt Lake Auto Leasing Co., Ltd. (“Car Sharing Yueda”) was once a subsidiary of Global Car Sharing, a subsidiary of the Group, which held 100% equity. In the current year, Car Sharing Yueda absorbed new investor Yueda Auto Development Co., Ltd., and the shareholding ratio of Global Car Sharing was decreased from 100.00% to 40.00% after the capital increase by the new investor so that Global Car Sharing no longer had control over Car Sharing Yueda. Therefore, Car Sharing Yueda was no longer included in the consolidation scope of the consolidated financial statements but to be accounted for under equity method.

(2) In the current year, the Group experienced other disposals of subsidiaries including SAIC Bus Tangshan Co., Ltd. and Jining Anji Fangyuan Automobile Sales & Service Co., Ltd.

In the current year, the above events decreased total goodwill amounting to RMB 15,007,257.63, increased total minority interests amounting to RMB 42,666,387.36, and brought about total cash outflows from disposal of subsidiaries amounting to RMB 5,649,015.75.

Whether there is any disposal of investments through multiple transactions and the loss of control in current period

 Applicable N/A

5. Other reasons for changes in scope of consolidation

Describe changes in consolidation scope incurred by other reasons (such as incorporate of new subsidiaries, liquidation of subsidiaries and others) and other related circumstances:

Applicable N/A

In the current year, the Group incorporated subsidiaries including SGMW Multi-finance Indonesia Company, Shanghai Overseas Mobility Technology Co., Ltd. and SAIC GM Finance Lease Co., Ltd., and included these subsidiaries in the consolidation scope of the consolidated financial statements since the incorporation date.

Other than the transactions above, there were no material changes to the scope of consolidated financial statements during the year.

6. Others

Applicable N/A

X. INTERESTS IN OTHER ENTITIES

1. Interests in subsidiaries

(1). Composition of the Group

Applicable N/A

Name of subsidiaries	Principal place of business	Place of incorporation	Registered capital	Registered capital	Scope of business	Equity interest held (%)		Ways of acquisition
			Currency	'000		Directly	Indirectly	
SAIC Motor UK Co., Ltd.		Birmingham, UK	GBP	3,000	R&D of automobiles	100	-	Establishment or investment
SAIC Motor Transmission Co., Ltd.		Shanghai, China	RMB	5,359,590	Manufacturing and sales of automobile transmission and spare parts	100	-	Establishment or investment
SAIC Motor HK Investment Ltd.		Hong Kong, China	USD	296,900	International trade of auto and critical spare parts, investment, technical and service trade, training and consulting	100	-	Establishment or investment
SAIC Maxus Vehicle Co., Ltd.		Shanghai, China	RMB	8,287,230	Manufacturing of automobiles and components	100	-	Establishment or investment
SAIC Capital Co., Ltd.		Shanghai, China	RMB	4,000,000	Equity investment, venture capital investment, industrial consulting, property management	100	-	Establishment or investment
SAIC General Motors Sales Co., Ltd.		Shanghai, China	USD	49,000	Sales of automobiles	51	-	Establishment or investment
SAIC Motor - CP Co., Ltd.		Bangkok, Thailand	THB	7,350,000	Developing, manufacturing and sales of automobiles and spare parts; Manufacturing and processing of machinery	-	70	Establishment or investment
Shanghai Jineng Bus Drive System Co., Ltd.		Shanghai, China	RMB	100,000	Manufacturing of new energy bus drive system and other spare parts	100	-	Establishment or investment
Shanghai Shanghong Real Estate Co., Ltd.		Shanghai, China	RMB	1,900,000	Developing and operating real estate, property management	100	-	Establishment or investment
SAIC International Indonesia PT.		Indonesia	USD	118,000	Developing and operating real estate, property management	-	100	Establishment or investment
SAIC Investment Management Co., Ltd.		Shanghai, China	RMB	10,000,000	Industrial investment, asset management, investment management, storage service (except hazardous goods)	100	-	Establishment or investment
SAIC Group Financial Holding Management Co., Ltd.		Shanghai, China	RMB	9,000,000	Industrial investment, asset management, investment management, consulting services, and network technology etc.	100	-	Establishment or investment
SAIC Insurance Sales Co., Ltd.		Shanghai, China	RMB	200,000	Insurance agent service	-	88.92	Establishment or investment

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SAIC Volkswagen Sales Co., Ltd.		Shanghai, China	USD	29,980	Sales of automobiles and spare parts	50	10	Acquired through business combinations involving enterprises under common control
SAIC GM Wuling Co., Ltd.		Guangxi, China	RMB	1,668,077	Sales and manufacturing of automobiles and spare parts	50.1	-	Acquired through business combinations involving enterprises under common control
China United Automotive System Co., Ltd.		Shanghai, China	RMB	600,620	Manufacturing and sales of electricity-controlled burning oil products	-	53	Acquired through business combinations involving enterprises under common control
SAIC Finance Co., Ltd.		Shanghai, China	RMB	15,380,000	Automotive Finance	99	1	Acquired through business combinations involving enterprises under common control
Shanghai Pengpu Machine Building Plant Co., Ltd.		Shanghai, China	RMB	1,030,000	Manufacturing and sale of engineering machinery facilities	100	-	Acquired through business combinations involving enterprises under common control
HUAYU Automotive Systems Co., Ltd.		Shanghai, China	RMB	3,152,724	Design, manufacturing and sales of spare parts assembly	58.32	-	Acquired through business combinations involving enterprises under common control
Anji Automotive Logistics Co., Ltd.		Shanghai, China	RMB	600,000	Logistics service for automobiles and spare parts	98	2	Acquired through business combinations involving enterprises under common control
Shanghai Automotive Industry Sales Co., Ltd.		Shanghai, China	RMB	4,124,472	Sales and purchase of automobiles and spare parts	100	-	Acquired through business combinations involving enterprises under common control
Shanghai Shangyuan Investment Management Co., Ltd.		Shanghai, China	RMB	120,000	Development, operation, leasing and property management of industrial workshops and supporting facilities	100	-	Acquired through business combinations involving enterprises under common control
China Automotive Industrial Development Co., Ltd.		Beijing, China	RMB	64,165	Sales and after-sales service of automobiles	100	-	Acquired through business combinations involving enterprises under common control
SAIC Motor North America Co., Ltd.		USA	USD	980	Import and export of spare parts	100	-	Acquired through business combinations involving enterprises under common control
SAIC Motor (Beijing) Co., Ltd.		Beijing, China	RMB	200,000	Marketing, warehouse and logistics of automobiles	100	-	Acquired through business combinations involving enterprises under common control
Shanghai Automobile Asset Management Co., Ltd.		Shanghai, China	RMB	818,000	Property management and innovation services, etc.	100	-	Acquired through business combinations involving enterprises under common control
Donghua Automotive Industrial Co., Ltd.		Jiangsu, China	RMB	1,083,208	Logistics, import and export, detail services of automobiles	75	-	Acquired through business combinations involving enterprises under common control
SAIC Activity Centre Co., Ltd.		Shanghai, China	RMB	160,000	Hospitality, beverage and catering services	100	-	Acquired through business combinations involving enterprises under common control
Shanghai Automotive News Press Co., Ltd.		Shanghai, China	RMB	1,000	Publishing and distribution of <i>Shanghai Auto News</i>	100	-	Acquired through business combinations involving enterprises under common control
DIAS Automotive Electronic Systems Co., Ltd.		Shanghai, China	RMB	370,792	Research and development production and sales of automobile electronic systems and components	-	100	Acquired through business combinations involving enterprises under common control
Shanghai Diesel Engine Co., Ltd. (Note 1)		Shanghai, China	RMB	866,690	Manufacturing and sales of diesel engines and spare parts	48.05	-	Acquired through business combinations not involving enterprises under common control

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Nanjing Automobile (Group) Corporation		Jiangsu, China	RMB	7,600,000	Development, manufacturing and sales of automobiles, engines and spare parts	100	-	Acquired through business combinations not involving enterprises under common control
Shanghai Sunwin Bus Co., Ltd.		Shanghai, China	RMB	1,271,160	Development, assembly, manufacture and sales of passenger bus and spare parts	100	-	Acquired through business combinations not involving enterprises under common control
SAIC-IVECO Hongyan Commercial Vehicle Co., Ltd.		Chongqing, China	RMB	3,100,000	Development, manufacture and sales of vehicle and spare parts	56.96	-	Acquired through business combinations not involving enterprises under common control
SAIC- GMAC Automotive Finance Co., Ltd.		Shanghai, China	RMB	3,500,000	Automotive Finance	-	55	Acquired through business combinations not involving enterprises under common control
SAIC GM Finance Lease Co., Ltd. (Note 2)		Shanghai, China	RMB	1,000,000	Finance lease	-	55	Establishment or investment
Shanghai E-propulsion Auto Technology Co., Ltd.		Shanghai, China	RMB	1,450,000	R&D of automobiles	-	100	Acquired through business combinations involving enterprises under common control
Wuhan Zhonghaiting Data Technology Co., Ltd.		Wuhan, China	RMB	52,910	Electronic map production engineering, map database and application engineering	-	51	Acquired through business combinations not involving enterprises under common control
Global Car Sharing and Rental Co., Ltd.		Shanghai, China	RMB	1,650,000	Electric vehicle rental (not allowed to engage in financial leasing), technology development in the automotive and parts technology area	-	55.14	Establishment or investment
SAIC Motor International Co., Ltd.		Shanghai, China	RMB	93,808	Import and export of automobiles and spare parts	-	100	Establishment or investment
Shanghai Automobile Import & Export Company		Shanghai, China	RNB	1,308,080	Import and export of automobiles and spare parts	-	100	Acquired through business combinations involving enterprises under common control
SAIC Hong Kong Limited		Hong Kong, China	USD	17,250	Entrepot trade of automobiles and spare parts	-	100	Acquired through business combinations involving enterprises under common control
SAIC Europe GmbH		Luxembourg	EUR	2,000	Import and export of automobiles and spare parts	-	100	Establishment or investment
MG MOTOR INDIA PRIVATE., LTD		India	INR	12,750,000	Developing, manufacturing and sales of automobiles and spare parts	-	100	Establishment or investment
SAIC-GM-Wuling Motor Indonesia Multi-Finance Company (Note 2)		Indonesia	IDR	600,000,000	Automotive finance	-	62	Establishment or investment
SAIC Overseas Mobility Technology Co., Ltd. (Not 2)		Shanghai, China	RMB	80,000	Computer network science and technology, network technology and communication technology	-	100	Establishment or investment

Other explanations:

Note 1: Proportion of the Group's shareholding of Shanghai Diesel is below 50%. However, given the fact that other shareholders held relatively small and dispersed amount of shares, the Group has substantial control over Shanghai Diesel.

Note 2: It was incorporated newly in the current year.

(2). Significant non-wholly owned subsidiaries√ Applicable N/A

Unit: RMB'000

Name of the subsidiary	Equity interest held by minority shareholders	Profit or loss attributable to minority shareholders during the period	Dividend declared to minority shareholders during the period	Minority interests at December 31,2018
HASCO	41.68%	5,519,662.52	3,114,227.13	27,232,912.28
SGMW	49.90%	2,089,518.69	2,378,586.32	4,909,582.16

Explanation on situation that the shareholding proportion of minority shareholders of subsidiaries is different from the proportion of voting rights:

 Applicable N/A

Other explanations:

 Applicable N/A**(3). Major financial information of significant non-wholly owned subsidiaries**√ Applicable N/A

Unit: RMB'000

Name of the subsidiary	December 31, 2018						December 31, 2017					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
HASCO	80,901,225.80	52,785,630.73	133,686,856.53	68,078,251.88	10,980,835.00	79,059,086.88	78,762,741.99	44,609,884.49	123,372,626.48	66,722,722.42	6,715,625.99	73,438,348.41
SGMW	26,688,443.90	21,172,680.54	47,861,124.44	33,229,256.09	4,636,703.20	37,865,959.29	32,671,930.23	21,103,299.24	53,775,229.47	39,378,094.29	3,385,283.89	42,763,378.18

Unit: RMB'000

Name of the subsidiary	Year ended December 31,2018				Year ended December 31,2017			
	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities	Operating income	Net profit	Total comprehensive income	Cash flows from operating activities
HASCO	157,170,235.00	8,027,176.95	9,841,501.91	9,376,138.44	140,487,250.48	6,553,922.93	8,876,917.15	8,486,118.14
SGMW	101,391,550.00	4,187,244.38	4,030,204.67	10,214,538.66	105,510,199.81	5,332,322.66	5,188,209.55	1,851,944.99

(4). Significant restrictions for the utilization of the group's assets and the liquidation of the Group's liabilities Applicable N/A**(5). Financial or other supports provided to structured entities included in scope of consolidated financial statements:** Applicable N/A

Other explanations:

 Applicable N/A

2. Transactions that cause changes in the Group's equity interest in subsidiaries but do not result in loss of control

√ Applicable N/A

(1). Explanations on changes in shares of owners' equity interest in subsidiaries

√ Applicable N/A

- 1) IVECO Hongyan was once a subsidiary of which the Company held 53.92% equity. In the current year, the Company acquired 3.04% equity of IVECO Hongyan from another investor SAIC IVECO Commercial Vehicle Investment Co., Ltd. so that the shareholding ratio of the Company was increased to 56.96% after the completion of the above equity transfer.
- 2) Shanghai Sunwin was once a subsidiary of which the Company held 80.50% equity. In the current year, the minority shareholders of Shanghai Sunwin transferred totally 19.50% equity held by them in Shanghai Sunwin to the Company so that Shanghai Sunwin became a wholly-owned subsidiary of the Company after the completion of above equity transfer.
- 3) In the current year, HASCO Motor increased capital of RMB 170,000,000.00 to its subsidiary HUAYU Automotive Electrical Drive System Co., Ltd. unilaterally so that its shareholding ratio in HUAYU Automotive Electrical Drive System Co., Ltd. was increased from 82.10% to 87.52%.
- 4) Sanden Huayu Automotive Air Conditioning Co., Ltd. ("Huayu Sanden"), a subsidiary of the Group, once held 75.00% equity of Sanden Shanghai Automotive Air-conditioning Co., Ltd. ("Shanghai Sanden"). In the current year, Huayu Sanden acquired 25.00% equity of Shanghai Sanden from SANDEN Corporation so that Shanghai Sanden became a wholly-owned subsidiary of Huayu Sanden after the completion of this transaction.
- 5) In the current year, Yanfeng, a subsidiary of the Group, sold 100.00% equity of Yanfeng Hainachuan Zhuzhou Automotive Trim Systems Co, Ltd. ("Yanfeng Hainachuan Zhuzhou") to Yanfeng Hainachuan Automotive Trim Systems Co, Ltd. ("Yanfeng Hainachuan"), a subsidiary of Yanfeng Automotive Trim Systems Co, Ltd. ("Yanfeng Trim"). Yanfeng held 70.00% equity of Yanfeng Trim, and Yanfeng Trim held 51.00% equity of Yanfeng Hainachuan. After the completion of this transaction, Yanfeng did not lose the control even though its actual shareholding ratio in Yanfeng Hainachuan Zhuzhou was decreased.
- 6) HASCO Motor and Yanfeng Trim once held 25.00% and 75.00% equity of Yanfeng Automotive Trim Die Technology Co., Ltd. ("Yanfeng Die") respectively. In the current year, Yanfeng Trim acquired 25.00% equity of Yanfeng Die from HASCO Motor. After the completion of this transaction, Yanfeng Die became a wholly-owned subsidiary of Yanfeng Trim, and the effective shareholding ratio of HASCO Motor in Yanfeng Die was decreased.
- 7) Global Car Sharing, a subsidiary of the Group, once held 76.29% equity of Shanghai International Automobile City New Energy Automotive Operation Service Co., Ltd. ("Automobile City"). In the current year, Ningbo Huidong Equity Investment Co., Ltd., a minority shareholder of Global Car Sharing increased capital to Global Car Sharing based on its 23.71% equity of Automobile City so that Automobile City became a wholly-owned subsidiary of Global Car Sharing after the completion of this capital increase.

- 8) Investment Management, a subsidiary of the Group once held 51.00% equity of Global Car Sharing. In this current year, the minority shareholders of Investment Management and Global Car Sharing increased capital to Global Car Sharing, but this capital increase was not made based on the original shareholding ratio. After the completion of this capital increase, the shareholding ratio of Investment Management to Global Car Sharing was increased to 55.14%.

In the current year, the above events increased total capital reserve amounting to RMB 4,552,872.89, increased total minority interests amounting to RMB 3,056,308.21 and decreased retained earnings amounting to RMB 134,256,271.85 to the Group.

(2). Effects of transactions on minority interests and owners' equity attributed to equity holders of the Company:

Applicable N/A

3. Interests in joint ventures and associates

Applicable N/A

(1). Significant joint ventures and associates

Applicable N/A

Unit: RMB

Joint venture or associate	Principal place of business	Place of incorporation	Nature of operation	Equity interest held at year-end (%)		Accounting method
				Directly	Indirectly	
SAIC Volkswagen Automotive Co., Ltd. ("SAIC Volkswagen")		Shanghai, China	Manufacturing and sales of automobiles and components	50.00	-	Equity method
SAIC General Motors Co., Ltd. ("SAIC GM")		Shanghai, China	Manufacturing and sales of automobiles and components	50.00	-	Equity method

(2). Major financial information of significant joint ventures

√ Applicable □ N/A

Unit: RMB'000

	Year ended December 31, 2018		Year ended December 31, 2017	
	SAIC Volkswagen	SAIC GM	SAIC Volkswagen	SAIC GM
Current assets	52,530,113.08	45,343,185.35	72,072,213.62	50,528,220.41
Including: Cash and cash equivalents				
Non-current assets	70,875,292.03	63,844,459.86	67,271,499.66	60,495,551.02
Total assets	123,405,405.11	109,187,645.21	139,343,713.28	111,023,771.43
Current liabilities	66,885,189.79	70,188,766.22	83,751,508.33	72,639,873.72
Non-current liabilities	11,587,633.25	2,788,660.51	12,243,235.55	2,681,603.36
Total liabilities	78,472,823.04	72,977,426.73	95,994,743.88	75,321,477.08
Minority interests	-	5,703,867.17	-	5,467,015.48
Shareholders' equity attributable to equity holders of the Company	44,932,582.07	30,506,351.31	43,348,969.40	30,235,278.87
Share of net assets calculated based on shareholding proportion	22,466,291.04	15,253,175.65	21,674,484.70	15,117,639.43
Adjusting events	-	227,973.19	-	227,973.19
-Goodwill	-	227,973.19	-	227,973.19
--Unrealized profit from internal transactions				
--Others				
Book value of equity investment in joint ventures	22,466,291.04	15,481,148.84	21,674,484.70	15,345,612.62
Fair value of equity investments of joint ventures where there is quoted price				
Operating income	259,300,816.13	224,444,268.37	256,198,968.85	228,064,070.24
Financial expenses				
Income tax expenses				
Net profit				
Net profit from discontinued operations				
Net profit attributable to owners of the Company	28,016,061.68	15,621,269.98	26,724,267.63	15,388,015.63
Minority interests	-	2,918,038.46	-	3,297,566.48
Other comprehensive income (loss)	7,796.32	-	-41,174.55	-
Total comprehensive income	28,023,858.00	18,539,308.44	26,683,093.08	18,685,582.11
Dividends received from joint ventures during the current year				

(3). Major financial information of significant associates Applicable N/A**(4). Summarized financial information of insignificant joint ventures and associates** Applicable N/A

Unit: RMB'000

	Year ended December 31, 2018	Year ended December 31, 2017
Joint ventures:		
Total book value of investments		
Total amounts calculated based on shareholding proportions		
-Net profit	6,089,788.90	6,645,323.91
- Other comprehensive income	641.17	12,314.25
- Total comprehensive income	6,090,430.07	6,657,638.16
Associates:		
Total book value of investments		
Total amounts calculated based on shareholding proportions		
-Net profit	2,032,375.77	1,304,313.71
- Other comprehensive income (loss)	-2,962.57	3,742.08
- Total comprehensive income	2,029,413.20	1,308,055.79

(5). Explanations on significant restrictions on the capability of joint ventures or associates to transfer funds to the Company Applicable N/A**(6). Excess loss of joint ventures or associates** Applicable N/A**(7). Unrecognized commitment relating to investments in joint ventures** Applicable N/A**(8). Contingent liabilities relating to investments in joint ventures or associates** Applicable N/A**4. Significant joint operations** Applicable N/A

5. Interests in structured entities that are not included in the scope of the consolidated financial statements

Explanations on structured entities that are not included in the scope of the consolidated financial statements:

Applicable N/A

Interests in structured entities that are not included in the scope of the consolidated financial statements are those invested by the Group through other institutions, including fund investment and wealth management products. The Group only holds the shares of investment without control, so these structured entities are not included in the scope of the consolidated financial statements. During the year 2018, the Group did not provide any financial support to any of these structured entities.

The table below illustrates the book value and risk exposure of the interests in structured entities that are not included in the scope of the consolidated financial statements at December 31, 2018.

Unit: RMB'000

Item	December 31, 2018		
	Investment amount	Maximum risk exposure	Account
Funds	19,120,458.75	19,120,458.75	Available-for-sale financial assets, financial assets at fair value through profit or loss
Wealth management products	4,559,102.84	4,559,102.84	Available-for-sale financial assets, financial assets at fair value through profit or loss

6. Others

Applicable N/A

XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Applicable N/A

The Group's major financial instruments include cash and bank balances, financial assets at fair value through profit or loss, notes receivable, accounts receivable, loans and advances to customers, available-for-sale financial assets, long-term receivables, borrowings, financial liabilities at fair value through profit or loss, notes payable, accounts payable and bonds payable, etc. Details of these financial instruments are disclosed in Note (VIII). The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

The Group conducted sensitivity analysis to analyze the impact of reasonable and possible changes of risk variables on profit or loss and equity of the current period. The following are based on the assumption that the change in each risk variable is on a stand-alone basis, but it is unlikely that risk variables will change in an isolated manner, and the interdependence among risk variables will have significant effect on the amount ultimately influenced by the changes in a single risk variable.

1. Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyze the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implements risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

1.1 Market risk

1.1.1. Currency risk

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. For the detailed items of currency risk, see Note (VIII) 77. The Group is closely monitoring the effects that might have on currency risk due to change in exchange rate.

1.1.2. Interest rate risk

The Group is exposed to cash flow risk because the Group borrows funds at floating interest rates. At the year-end, Group had floating rate borrowings of RMB 12,192,122,290. For floating rate borrowings, provided that none of the outstanding liabilities at the balance sheet date is repaid throughout the year, if the interest rates had been 25 base points higher/lower and other variables were held constant, the pre-tax profit would decrease/increase by RMB 30,480, 310.

1.1.3. Other price risk

The assets and liabilities at fair value held by the Group included available-for-sale financial assets, financial assets at fair value through profit or loss, and financial liabilities at fair value through profit or loss, all of which were measured at fair value on the balance sheet date, so the Group was exposed to price risk. Should the 10% increase or decrease be incurred to the fair value of the assets and liabilities at fair value held by the Group at the end of current year (see Note (XII) for details) while other variables were held constant, the shareholders' equity of the Group at the end of current year would be increased or decreased by RMB 4,919,361,000 (effect of deferred tax was not considered).

1.2 Credit risk

As at 31 December 2018, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheet. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks but not the maximum exposure to risks. The maximum exposure to risks would vary according to the future changes in fair value.

In order to minimize credit risk, the Group delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivable at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The credit risk on liquid funds is limited because they are deposited with banks with high credit ratings.

Except for the amount of accounts receivable due from certain joint ventures and associates of the Group (refer to Note (VIII) 4) and part of other receivables (refer to Note (VIII) 6), the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

1.3 Liquidity risk

In the management of liquidity risk, the management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations of cash flows.

2. Transfer of financial assets

In the transaction of credit assets securitization, the Group derecognized this kind of financial assets wholly or partly based on the extent of retained risks and rewards of ownership in the transferred financial assets.

At the end of the current year, SFC and SAIC-GMAC, the subsidiaries of the Group have derecognized the securitized credit assets as follows:

	RMB 100 million
	Amount
Book value of derecognized securitized credit assets before transfer	201.00
Book value of receivables investment recognized by SFC and SAIC-GMAC (Note)	10.56
Book value of continuous involvement in the financial assets and liabilities recognized by SFC and SAIC-GMAC (Note)	10.56

Note: SFC and SAIC-GMAC provide management service for securitized credit assets which have been already derecognized. SFC and SAIC-GMAC did not transfer or retain substantially all the risks and rewards of ownership of the relevant loan portfolio, and SFC and SAIC-GMAC did not completely abandon its control over the above credit assets. Therefore, SFC and SAIC-GMAC recognized its continued involvement in financial assets and liabilities to the extent of continued involvement in the transferred credit assets.

In addition, at the end of current year, the book value of securitized credit assets (where the Group's subsidiary, SAIC Financial Holding continued to provide management service) which have not been derecognized amounted to RMB 0.413 billion before issuance. Since SAIC Financial Holding held all the subordinated parts of the asset-backed securities, SAIC Financial Holding retained substantially all the risks and rewards of ownership of the transferred credit assets, and do not derecognize the transferred credit assets.

3. Capital management

The Group manages its capital by optimizing its structure of liabilities and shareholders' equity to ensure that the entities within the Group could continue as a going concern and to maximize returns for shareholders.

The capital structure of the Group is made up of the Group's net liabilities and shareholders' equity.

The Group is not restrained to external mandatory requirements of capital management. The Group's management regularly reviews the capital structure of the Group.

XII. DISCLOSURE OF FAIR VALUE**1. Closing fair value of assets and liabilities measured at fair value**

√ Applicable □ N/A

Unit: RMB

Item	Fair value at December 31, 2018			
	Level 1	Level 2	Level 3	Total
I. Measured at fair value on a recurring basis				
(I). Financial assets at fair value through profit or loss	18,908,667,464.10	4,137,865,300.91	3,515,425,607.82	26,561,958,372.83
1. Held-for-trading financial assets	17,667,410,580.47	891,321,847.70	-	18,558,732,428.17
(1) Debt instruments	323,057,000.00	882,389,799.70	-	1,205,446,799.70
(2) Equity instruments	17,344,353,580.47	8,932,048.00	-	17,353,285,628.47
(3) Derivative financial assets				
2. Designated as financial assets at fair value through profit or loss	1,241,256,883.63	3,246,543,453.21	3,515,425,607.82	8,003,225,944.66
(1) Debt instruments	1,241,256,883.63	3,192,990,994.90	-	4,434,247,878.53
(2) Equity instruments	-	-	3,515,425,607.82	3,515,425,607.82
(3) Derivatives		53,552,458.31		53,552,458.31
(II). Available-for-sale financial assets	15,384,152,530.38	4,547,145,083.39	3,677,753,223.89	23,609,050,837.66
(1) Debt instruments	756,585,497.33	4,542,668,436.68	25,000,000.00	5,324,253,934.01
(2) Equity instruments	14,627,567,033.05	4,476,646.71	3,652,753,223.89	18,284,796,903.65
(3) Others				
(III) Investment properties				
1. Leasehold land use right				
2. Leasehold buildings				
3. Land use right held for transfer upon appreciation				
(IV) Biological assets				
1. Consumable biological assets				
2. Bearer biological assets				
Total assets measured at fair value on a recurring basis	34,292,819,994.48	8,685,010,384.30	7,193,178,831.71	50,171,009,210.49
(V) Held-for-trading financial liabilities	-	-	977,399,765.77	977,399,765.77
Including: Issued held-for-trading bonds				
Derivative financial liabilities				
Others	-	-	977,399,765.77	977,399,765.77
(VI) Designated as financial liabilities at fair value through profit or loss				
Total liabilities measured at fair value on a recurring basis	-	-	977,399,765.77	977,399,765.77
II Measured at fair value on a non-recurring basis				
(I) Held-for-sale assets				
Total assets measured at fair value on a non-recurring basis				
Total liabilities measured at fair value on a non-recurring basis				

2. Determination basis of the market value for fair value measurements in Level 1 on recurring and non-recurring basis√ Applicable N/A

Financial assets categorized as Level 1 are mainly stocks, funds and bonds publicly listed at Shanghai Stock Exchange, Shenzhen Stock Exchange and the Stock Exchange of Hong Kong. The fair value of these assets is determined according to unadjusted quotes in active markets.

3. Valuation techniques and qualitative and quantitative information of key parameters adopted for Level 2 fair value measurements on recurring and non-recurring basis√ Applicable N/A

Financial assets categorized as Level 2 are mainly bonds and currency swap contracts traded in the inter-bank bond market, etc. The fair value of these bonds is determined according to closing price on the balance sheet date or the last trading date before the balance sheet date in the inter-bank market. The fair value of currency swap contracts is determined from the inquiry of the counterparty.

4. Valuation techniques and qualitative and quantitative information of key parameters adopted for Level 3 fair value measurements on recurring and non-recurring basis√ Applicable N/A

Financial assets categorized as Level 3 mainly include unlisted equity (private equity), stock investment under restricted conditions, financial management plan and trust plan. The Group adopts a series of valuation techniques to assess the fair values of Level 3 financial instruments, using valuation models that include unobservable parameters such as discount rates that lack market liquidity. If one or more unobservable parameters are changed based on a reasonable alternative hypothesis, the fair value of these financial instruments will change accordingly. The fair value of stocks under restricted conditions held by the Group is determined under market price discount method according to unadjusted quotes in active market and liquidity discount; the fair value of unlisted equity (private equity) is determined under comparison method according to the price of similar securities and liquidity discount; the fair value of financial management plans and trust plans of investment object with restricted characteristics is determined under net worth method according to valuation result of relevant investment portfolios. The fair value of financial liabilities categorized as Level 3 is determined according to the fair value of financial assets invested by corresponding structured entity and based on the relevant contract terms of such structured entity.

5. Reconciliation between opening and closing carrying amount and sensitivity analysis of unobservable parameters for Level 3 fair value measurements on recurring basis Applicable N/A**6. Reasons for the transfers and policies to determine the transfer timing if there are transfers between different fair value levels in respect of Level 3 fair value measurements on recurring basis** Applicable N/A**7. Changes in valuation techniques in the current period and the corresponding reasons** Applicable N/A**8. Fair value of financial assets and liabilities not measured at fair value** Applicable N/A

9. Others Applicable N/A**XIII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS****1. Parent of the Company** Applicable N/A

Unit: RMB

Name of the parent company	Place of incorporation	Nature of operations	Registered capital	Proportion of the Company's ownership interest held by the parent company (%)	Proportion of the Company's voting rights held by the parent company (%)
SAIC	Shanghai, China	Manufacturing, research, sales, development and investment of automobiles, tractors and motorcycles; operation and management of state-owned assets within the scope of authority; domestic trading (except for specific regulations), advisory services	21,599,175,737.24	71.24	71.24

2. Subsidiaries of the Company

For the details of subsidiaries of the Company, refer to the notes.

 Applicable N/A

For the details of major subsidiaries of the Company, refer to Note (X) 1.

3. Joint ventures and associates of the Group

For the details of significant joint ventures and associates of the Group, refer to the notes.

 Applicable N/A

For the details of significant joint ventures and associates of the Group, refer to Note (VIII) 16 and Note (X) 3.

Details of other joint ventures or associates having related party transactions and balances with the Group in the period or in prior periods:

 Applicable N/A

Other explanations

 Applicable N/A

4. Other related parties√ Applicable N/A

Name of other related parties	Relationship with the Group
Shanghai Automotive Industry Development Co., Ltd.	Subsidiary of SAIC
SAIC Property Development Co., Ltd.	Subsidiary of SAIC
SAIC Sodexo Service Co., Ltd.	Subsidiary of SAIC
Shanghai Shangkai Real Estate Development Co., Ltd.	Subsidiary of SAIC
Shanghai Automotive Electronics Factory	Subsidiary of SAIC
Shanghai Internal Combustion Engine Research Institute	Subsidiary of SAIC
Shanghai Huali Internal Combustion Engine Co., Ltd.	Subsidiary of SAIC
Shanghai Qiyuan Human Resources Consulting Co., Ltd.	Subsidiary of SAIC
Shanghai Automotive Industry Real Estate Development Co., Ltd.	Subsidiary of SAIC
SAIC Housing Exchange Co., Ltd.	Subsidiary of SAIC
Shanghai Engineering Industry Internal Combustion Engine Detection Bureau	Subsidiary of SAIC
Shanghai Saike Mobility Technology Service Co., Ltd.	Subsidiary of SAIC
Shanghai International Automobile City Development Co., Ltd.	Associate of SAIC
Shanghai Yike Green Engineering Co., Ltd.	Associate of SAIC
Shanghai Volkswagen Automotive Gift Co., Ltd.	Associate of SAIC
Shanghai ADT Facilities Management Co., Ltd.	Associate of SAIC
Executive directors and other senior management of the Company	Key management personnel

5. Related party transactions

(1). Sales and purchase of goods/rendering and receipts of services

Purchase of goods/receipts of services

√ Applicable □ N/A

Unit: RMB

Related party	Details of related party transaction	Year ended December 31, 2018	Year ended December 31, 2017
Joint ventures	Purchase of goods and materials	478,526,771,528.65	474,101,855,022.63
Associates	Purchase of goods and materials	4,752,864,997.97	4,855,270,221.68
SAIC	Purchase of goods and materials	6,212,952.27	-
Subsidiaries of SAIC	Purchase of goods and materials	9,827,798.90	33,915,034.59
Associates of SAIC	Purchase of goods and materials	100,176,246.84	87,336,037.59
Joint ventures	Purchase of long-term assets	286,081,476.76	153,921,590.39
Associates	Purchase of long-term assets	10,082,274.26	49,222,842.27
Associates of SAIC	Purchase of long-term assets	7,912,965.66	924,044.70
Joint ventures	Receipts of services-R&D expenditure	942,448,090.13	833,428,314.31
Associates	Receipts of services-R&D expenditure	51,908,474.81	91,119,735.45
Subsidiaries of SAIC	Receipts of services-R&D expenditure	490,800.00	990.57
Associates of SAIC	Receipts of services-R&D expenditure	24,825,422.21	89,920.91
Joint ventures	Payment of logistics service expenses, royalties and others	45,782,975.42	109,452,302.34
Associates	Payment of logistics service expenses, royalties and others	656,464.45	344,455.40
SAIC	Payment of logistics service expenses, royalties and others	308,571.42	308,571.42
Subsidiaries of SAIC	Payment of logistics service expenses, royalties and others	1,601,062.02	535,107.67
Associates of SAIC	Payment of logistics service expenses, royalties and others	2,665,044.77	28,757.78
Joint ventures	Payment of lease expenses	77,798,383.47	80,688,882.38
SAIC	Payment of lease expenses	8,792,199.65	1,870,742.78
Subsidiaries of SAIC	Payment of lease expenses	12,064,345.65	7,041,904.45

Sales of goods/rendering of services

√ Applicable □ N/A

Unit: RMB

Related party	Details of related party transaction	Year ended December 31, 2018	Year ended December 31, 2017
Joint ventures	Sales of goods	78,594,455,158.91	75,700,005,317.29
Associates	Sales of goods	4,826,447,476.02	5,328,887,269.86
Subsidiaries of SAIC	Sales of goods	250,000.00	82,501.62
Joint ventures	Sales of materials	53,126,900.90	249,547,808.14
Associates	Sales of materials	126,240,398.87	41,846,334.30
Joint ventures	Trade income	3,546,432,977.01	3,289,152,933.35
Associates	Trade income	37,273.30	146,452.45
Subsidiaries of SAIC	Trade income	898,897.01	-
Associates of SAIC	Trade income	222,469.50	-
Joint ventures	Rendering of services	5,356,349,057.51	4,849,375,935.50
Associates	Rendering of services	153,562,811.92	120,529,255.18
SAIC	Rendering of services	959,837,156.15	716,290,452.08
Subsidiaries of SAIC	Rendering of services	4,067,231.41	193,958.39
Associates of SAIC	Rendering of services	111,532.25	-
Joint ventures	Rental income	281,894,450.93	211,037,552.23
Associates	Rental income	28,604,633.86	4,326,476.57
Subsidiaries of SAIC	Rental income	1,439,051.25	1,420,910.87
Associates of SAIC	Rental income	-	43,589.74
Joint ventures	Royalties for technology and transfer fee	302,768,885.20	255,944,609.04

Explanations on purchase and sales of goods, rendering and receipt of services:

□ Applicable √ N/A

(2). Details of trust with related parties/subcontracting and trust management/ contract-issuing

Details of trust / contracting where the Company is the trustee / subcontractor

□ Applicable √ N/A

Explanations on trust/subcontracting with related parties

□ Applicable √ N/A

Details of trust / contracting where the Company is the trustor / main contractor

□ Applicable √ N/A

Explanations on trust/contracting with related parties

Applicable N/A

(3). Leases with related parties

The Company as a lessor:

Applicable N/A

The Company as a lessee:

Applicable N/A

Explanations on leases with related parties

Applicable N/A

(4). Guarantees with related parties

The Company as a guarantor

Applicable N/A

The Company as a guarantee

Applicable N/A

Explanations on guarantees with related parties

Applicable N/A

(5). Borrowings/loans with related parties

Applicable N/A

(6). Assets transfer/debt restructuring with related parties

Applicable N/A

(7). Remuneration of key management personnel

Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended 31 December 2017
Remuneration of key management personnel	31,233,100.00	20,856,500.00

(8). Other related parties√ Applicable N/A

Financing

The financing between the Group and its related parties is as follows:

(a) Loans offered by SFC and SAIC-GMAC to related parties

① Movements of loans offered by SFC and SAIC-GMAC to related parties are as follows:

Unit: RMB

	Joint ventures	Associates	Total
December 31, 2017	841,441,568.14	132,873,048.05	974,314,616.19
Loans offered	930,000,000.00	62,270,775.00	992,270,775.00
Loans recovered	-841,441,568.14	-133,078,972.70	-974,520,540.84
December 31, 2018	930,000,000.00	62,064,850.35	992,064,850.35

② Balances of loans offered by SFC and SAIC-GMAC to related parties are as follows:

Unit: RMB

	December 31, 2018	December 31, 2017
Joint ventures- Short-term loans and discounts	930,000,000.00	841,441,568.14
Associates-Short-term loans and discounts	62,064,850.35	132,873,048.05
Total	992,064,850.35	974,314,616.19

③ Interest income received by SFC and SAIC-GMAC from related parties is as follows:

Unit: RMB

Related party	Year ended December 31, 2018	Year ended December 31, 2017
Joint ventures	33,918,505.18	40,803,359.01
Associates	3,275,903.55	3,031,339.60
Total	37,194,408.73	43,834,698.61

Interest rates for loans offered by SFC and SAIC-GMAC to related parties are calculated according to interest rates specified by the People's Bank of China.

(b) Related parties' deposits at SFC and SAIC-GMAC

① Movements of related parties' deposits at SFC and SAIC-GMAC are as follows:

Unit: RMB

	Joint ventures	Associates	SAIC	Subsidiaries of SAIC	Associates of SAIC	Total
December 31, 2017	29,469,363,398.97	2,178,101,521.40	23,361,136,748.84	320,496,497.10	506,734.79	55,329,604,901.10
Increase/decrease due to changes in scope of consolidation	-228,415,243.43	-	-	-	-	-228,415,243.43
Deposit taking (repayment)	-4,525,873,537.02	-60,330,697.02	7,478,853,364.50	376,544,644.54	2,738.38	3,269,196,513.38
December 31, 2018	24,715,074,618.52	2,117,770,824.38	30,839,990,113.34	697,041,141.64	509,473.17	58,370,386,171.05

② Interest paid by SFC and SAIC-GMAC to related parties are as follows:

Unit: RMB

	Year ended December 31, 2018	Year ended December 31, 2017
Joint ventures	490,030,876.83	257,453,910.37
Associates	43,836,123.67	42,244,433.89
SAIC	386,542,533.15	261,438,580.79
Subsidiaries of SAIC	4,536,060.04	4,603,550.75
Associates of SAIC	2,239.53	2,205.02
Total	924,947,833.22	565,742,680.82

Interest rates for deposits from related parties at SFC and SAIC-GMAC are calculated according to interest rates specified by the People's Bank of China.

(c) Loans offered by the Group (except SFC and SAIC-GMAC) to related parties

① Movements of entrusted loans offered by the Group to related parties are as follows:

Unit: RMB

	Joint ventures	Associates	Subsidiaries of SAIC	Total
December 31, 2017	628,700,000.00	68,000,000.00	-	696,700,000.00
Loans offered	959,257,481.71	469,368,000.00	130,000,000.00	1,558,625,481.71
Increase due to changes in consolidation scope for the year	-	96,000,000.00	-	96,000,000.00
Loans recovered	-516,643,613.00	-135,350,000.00	-130,000,000.00	-781,993,613.00
December 31, 2018	1,071,313,868.71	498,018,000.00	-	1,569,331,868.71

② Balance of entrusted loans offered by the Group to related parties is as follows:

Unit: RMB

Related party	December 31, 2018	December 31, 2017
Joint ventures - short-term loans	945,313,868.71	473,700,000.00
Associates - short-term loans	237,018,000.00	68,000,000.00
Joint ventures - long-term loans	126,000,000.00	155,000,000.00
Associates - long-term loans	261,000,000.00	-
Total	1,569,331,868.71	696,700,000.00

③ Interests received by the Group from related parties are as follows:

Unit: RMB

Related party	Year ended December 31, 2018	Year ended December 31, 2017
Joint ventures	36,352,607.28	13,532,554.77
Associates	16,434,967.68	4,318,258.07
Subsidiaries of SAIC	377,777.79	-
Total	53,165,352.75	17,850,812.84

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

(d) Entrusted business of SFC

① Entrusted business between SFC and related parties (see Note (VIII) 72) is disclosed off balance sheet. SFC received bank charges based on agreements. The bank charges received by SFC from related parties are as follows:

Unit: RMB

Related party	Year ended December 31, 2018	Year ended December 31, 2017
Joint ventures	1,159,713.70	833,553.09
Associates	849,932.54	443,892.50
Total	2,009,646.24	1,277,445.59

② At the end and the beginning of the year, entrusted business between SFC and related parties is as follows:

Unit: RMB

Entrusting parties	Entrusted deposit at December 31, 2018	Targets	Entrusted loans at December 31, 2018
Joint ventures	1,655,000,000.00	Joint ventures	715,000,000.00
Associates	108,000,000.00	Associates	1,048,000,000.00
SAIC	20,000,000.00	Non-RPT	20,000,000.00
Total	1,783,000,000.00	Total	1,783,000,000.00

Unit: RMB

Entrusting parties	Entrusted deposit at December 31, 2017	Targets	Entrusted loans at December 31, 2017
Joint ventures	1,150,000,000.00	Joint ventures	250,000,000.00
Associates	238,000,000.00	Associates	1,008,000,000.00
SAIC	20,000,000.00	Non-RPT	150,000,000.00
Total	1,408,000,000.00	Total	1,408,000,000.00

(5) Guarantees

See Note (XV) 2 for guarantees provided by the Group to related parties.

6. Amounts due from/to related parties**(1). Receivables**

√ Applicable □ N/A

Unit: RMB

Items	Related party	December 31, 2018		December 31, 2017	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Notes receivable	Joint ventures	48,980,803.84		25,329,051.91	
Accounts receivable	Joint ventures	14,362,573,488.84		14,523,742,356.28	
Accounts receivable	Associates	1,563,275,111.95		1,807,458,928.88	
Accounts receivable	SAIC	105,948,763.07		233,247,962.77	
Accounts receivable	Subsidiaries of SAIC	1,729,109.44		1,555,298.54	
Accounts receivable	Associates of SAIC	31,012.65		-	
Prepayments	Joint ventures	12,301,127,107.12		22,729,918,716.51	
Prepayments	Associates	29,249,482.79		31,214,296.96	
Prepayments	Subsidiaries of SAIC	22,500.00		-	
Dividends receivable	Joint ventures	1,439,206,472.20		1,663,753,520.85	
Dividends receivable	Associates	212,272,837.39		84,163,042.55	
Other receivables	Joint ventures	264,466,910.98		286,287,641.16	
Other receivables	Associates	9,581,854.64		12,347,382.62	
Other receivables	Subsidiaries of SAIC	334,683.00		326,350.00	
Interest receivable	Joint ventures	9,329,160.32		-	
Interest receivable	Associates	2,468,488.00		-	

(2). Payables√ Applicable N/A

Unit: RMB

Item	Related party	Book balance at December 31, 2018	Book balance at December 31, 2017
Notes payable	Joint ventures	8,854,107,472.00	4,557,658,893.00
Notes payable	Associates	98,245,696.00	41,600,000.00
Accounts payable	Joint ventures	10,395,351,482.09	11,891,197,699.18
Accounts payable	Associates	1,795,506,974.32	1,544,445,766.87
Accounts payable	Subsidiaries of SAIC	19,960,199.17	10,174,047.92
Accounts payable	Associates of SAIC	5,518,565.04	32,812,254.51
Receipts in advance	Joint ventures	1,014,980,950.53	756,795,278.13
Receipts in advance	Associates	3,211,935.93	641,151.32
Receipts in advance	SAIC	1,816,383,259.96	1,040,355,611.78
Other payables	Joint ventures	108,298,694.63	505,934,549.69
Other payables	Associates	144,731.34	786,600.15
Other payables	SAIC	68,492,249.99	-
Other payables	Subsidiaries of SAIC	1,500,000.00	1,522,995.10
Other payables	Associates of SAIC	430,350.00	420,350.00

7. Commitments of related parties Applicable N/A

Others

 Applicable N/A**XIV. SHARE-BASED PAYMENTS****1. Summary of share-based payments** Applicable N/A**2. Equity-settled share-based payments** Applicable N/A**3. Cash-settled share-based payments** Applicable N/A**4. Amendment and termination of share-based payments** Applicable N/A**5. Others** Applicable N/A

XV. COMMITMENTS AND CONTINGENCIES**1. Significant commitments**√ Applicable N/A

Significant external commitments and their nature and amounts as at the balance sheet date

(1) Capital commitments

Unit: RMB'000

	Consolidated	
	December 31, 2018	December 31, 2017
Capital commitments that have been signed but have not been recognized in the financial statements:		
- Commitment for acquisition of long-term assets	8,060,498	8,866,843
- External investment commitment	673,799	2,180,623
Total	8,734,297	11,047,466

(2) Operating lease commitments

At the balance sheet date, the Group has the following commitments in respect of non-cancellable operating leases:

Unit: RMB'000

	Consolidated	
	December 31, 2018	December 31, 2017
Minimum lease payments under non-cancellable operating lease:		
1st year subsequent to the balance sheet date	4,102,944	1,463,988
2nd year subsequent to the balance sheet date	2,109,074	1,232,245
3rd year subsequent to the balance sheet date	1,620,405	1,163,647
Subsequent years	6,616,463	5,866,938
Total	14,448,886	9,726,818

2. Contingencies

(1). Significant contingencies at the balance sheet date

√ Applicable N/A

At the year-end, guarantees provided by the Group to related parties are as follows:

Guarantor	Guarantee	Relationship between Guarantor and the Group	Category	Currency	Ceiling amount	Debt amount
HASCO	KS HUAYU AluTech GmbH	Joint venture	Letter of guarantee	EUR	20,000,000.00	3,514,000.00
HASCO, Donghua (Note)	Hua Dong Teksid Automotive Foundry Co., Ltd.	Joint ventures	Joint and several	USD	5,775,000.00	1,043,138.89
Anji Logistics	Guangzhou Harbour Haijia Vehicle Dock	Joint venture	Liability guarantee	RMB	60,000,000.00	60,000,000.00

	Co., Ltd.					
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Note: These loans were guaranteed by HASCO and Donghua jointly and severally.

(2). Explanations on contingencies should be presented even if no significant contingency needs to be disclosed in the Company:

Applicable N/A

3. Others

Applicable N/A

XVI. EVENTS AFTER THE BALANCE SHEET DATE

1. Significant non-adjusting events

Applicable N/A

2. Profits appropriation

Applicable N/A

Unit: RMB

Proposed distributions of profits or dividends	14,721,161,319.90
Distributions of profits or dividends authorized and declared	

3. Sales return

Applicable N/A

4. Other events after the balance sheet date

Applicable N/A

XVII. OTHER SIGNIFICANT EVENTS

1. Corrections of prior period errors

(1). Retrospective restatement

Applicable N/A

(2). Prospective application

Applicable N/A

2. Debt restructuring

Applicable N/A

3. Exchange of assets

(1). Exchange of non-monetary assets

Applicable N/A

(2). Other exchange of assets

Applicable N/A

4. Annuity plan

Applicable N/A

5. Discontinued operations

Applicable N/A

6. Segment information

(1). Determining basis and accounting policies of reporting segments

Applicable N/A

Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into two reporting segments, which are "vehicles and parts" and "financing". The reporting segments are determined based on the Group's operating structure. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. Major products and services delivered or provided by each of the reporting segments are vehicles and parts and financing services. The Group carried out internal management on SFC, Equity Investment, SAIC Insurance, SAIC Financial Holding and other investees managed by the Financial Business Division of the Group as financial transactions.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management.

(1) Segment information

Unit: RMB

	Vehicles and parts		Finance		Elimination		Total	
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Total operating income								
External revenue	886,432,362,912.75	857,307,821,175.20	15,761,701,819.49	13,331,605,824.87	-	-	902,194,064,732.24	870,639,427,000.07
Inter-segment revenue	-	-	1,952,522,982.34	1,638,696,120.33	-1,952,522,982.34	-1,638,696,120.33	-	-
Total segment operating income	886,432,362,912.75	857,307,821,175.20	17,714,224,801.83	14,970,301,945.20	-1,952,522,982.34	-1,638,696,120.33	902,194,064,732.24	870,639,427,000.07
Total operating costs	875,007,446,847.77	840,820,587,721.20	12,178,046,771.09	10,071,384,745.54	-2,013,744,790.75	-1,492,745,293.84	885,171,748,828.11	849,399,227,172.90
Add: Other income	2,902,229,958.09	1,713,167,288.82	224,064,384.00	311,404,615.09	-	-	3,126,294,342.09	2,024,571,903.91
Investment income	25,458,065,883.25	28,611,443,990.20	7,667,796,745.34	2,200,164,896.92	-	-	33,125,862,628.59	30,811,608,887.12
Gain (loss) from changes in fair value	803,159.79	-	-113,617,827.43	-4,335,758.01	-	-	-112,814,667.64	-4,335,758.01
Gain on disposal assets	496,967,946.33	22,246,135.57	-13,502,350.36	-	-	-	483,465,595.97	22,246,135.57
Exchange gain	-	-	28,693,998.20	15,696,149.73	-	-	28,693,998.20	15,696,149.73
Operating profit	40,282,983,012.44	46,834,090,868.59	13,329,612,980.49	7,421,847,103.39	61,221,808.41	-145,950,826.49	53,673,817,801.34	54,109,987,145.49
Add: Non-operating income	1,111,406,576.93	863,956,074.75	13,704,720.76	4,613,727.14	-	-	1,125,111,297.69	868,569,801.89
Less: Non-operating expense	454,324,504.08	716,805,133.07	754,764.02	739,214.97	-	-	455,079,268.10	717,544,348.04
Total profit	40,940,065,085.29	46,981,241,810.27	13,342,562,937.23	7,425,721,615.56	61,221,808.41	-145,950,826.49	54,343,849,830.93	54,261,012,599.34
Less: Income tax expense	4,161,750,209.22	5,554,866,081.22	1,777,436,219.85	1,590,049,005.93	-	-	5,939,186,429.07	7,144,915,087.15
Net profit	36,778,314,876.07	41,426,375,729.05	11,565,126,717.38	5,835,672,609.63	61,221,808.41	-145,950,826.49	48,404,663,401.86	47,116,097,512.19

	Vehicles and parts		Finance		Elimination		Total	
	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017	Year ended December 31, 2018	Year ended December 31, 2017
Total assets of segments	549,330,584,188.36	544,333,795,654.77	341,694,154,974.98	299,014,806,007.52	-108,254,889,322.33	-119,815,470,400.70	782,769,849,841.01	723,533,131,261.59
Total liabilities of segments	334,252,110,422.30	319,324,987,742.62	272,352,575,559.87	252,173,172,609.75	-108,555,061,619.13	-120,070,845,889.10	498,049,624,363.04	451,427,314,463.27
Additional information								
Depreciation and amortization	11,408,383,408.48	9,051,598,615.71	75,338,477.36	32,906,425.76	-	-	11,483,721,885.84	9,084,505,041.47
Impairment loss recognized in current year	1,718,213,062.19	1,833,425,812.85	1,844,724,381.58	1,833,973,021.34	-72,437,655.46	72,196,104.73	3,490,499,788.31	3,739,594,938.92
Capital expenditure	31,928,029,018.88	25,393,634,057.93	47,115,843.25	18,724,740.33	-	-	31,975,144,862.13	25,412,358,798.26
Including: Construction in progress and prepayments for equipment	28,827,432,395.52	20,266,424,631.82	-	144,479.54	-	-	28,827,432,395.52	20,266,569,111.36
Expenditure used for purchase of fixed assets	689,568,984.33	3,394,863,800.20	24,703,659.24	13,157,443.48	-	-	714,272,643.57	3,408,021,243.68
Expenditure used for purchase of intangible assets	1,430,654,853.85	928,441,734.40	22,412,184.01	5,422,817.31	-	-	1,453,067,037.86	933,864,551.71
Expenditure in long-term prepaid expenses	437,021,106.82	592,697,618.80	-	-	-	-	437,021,106.82	592,697,618.80
Development expenditure	536,924,473.37	-	-	-	-	-	536,924,473.37	-
Expenditure in investment properties	6,427,204.99	211,206,272.71	-	-	-	-	6,427,204.99	211,206,272.71

(2) The Group's revenue derived from other countries is insignificant and the Group's non-current assets located in other countries are insignificant.

(2). Financial information of reporting segments

Applicable N/A

(3). If the Company has no reporting segments, or cannot disclose the total assets and liabilities of reporting segments, specify the reasons.

Applicable N/A

(4). Other explanations

Applicable N/A

7. Other significant transactions and matters having an impact on the decisions of investors Applicable N/A**8. Others** Applicable N/A**XVIII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS****1. Notes and accounts receivable****Summary****(1). By categories** Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Notes receivable	3,685,023,144.94	2,064,032,626.26
Accounts receivable	2,420,857,752.11	1,256,047,258.09
Total	6,105,880,897.05	3,320,079,884.35

Other explanations:

 Applicable N/A**Notes receivable****(2). Notes receivable by categories:** Applicable N/A

Unit: RMB

Category	December 31, 2018	December 31, 2017
Bank acceptances	1,259,342,666.00	1,349,862,077.26
Commercial acceptances	2,425,680,478.94	714,170,549.00
Total	3,685,023,144.94	2,064,032,626.26

(3). Notes receivable pledged at the end of the period Applicable N/A**(4). Notes receivable endorsed or discounted by the Company to other parties which are not yet due at the balance sheet date** Applicable N/A**(5). Notes receivable reclassified to accounts receivable due to the drawer's inability to settle the notes on maturity** Applicable N/A

Other explanations:

Applicable N/A

Accounts receivable

(1). Disclosure of accounts receivable by categories

Applicable N/A

Unit: RMB

Category	December 31, 2018					December 31, 2017				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	%	Amount	%		Amount	%	Amount	%	
Accounts receivable that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Accounts receivable for which bad debt provision is collectively assessed by credit risk characteristics	2,420,857,752.11	100.00	-	-	2,420,857,752.11	1,259,120,829.87	100.00	3,073,571.78	0.24	1,256,047,258.09
Accounts receivable that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	2,420,857,752.11	/	-	/	2,420,857,752.11	1,259,120,829.87	/	3,073,571.78	/	1,256,047,258.09

Accounts receivable that are individually significant and for which bad debt provision has been assessed individually:

Applicable N/A

Accounts receivable portfolios for which bad debt provision has been assessed using the aging analysis method:

Applicable N/A

Unit: RMB

Aging	December 31, 2018		
	Accounts receivable	Bad debt provision	%
Within 1 year	2,415,464,430.68	-	-
Including: Breakdown of aging within 1 year			
Subtotal of within 1 year	2,415,464,430.68	-	-
1-2 years	5,393,321.43	-	-
2-3 years	-	-	-
Over 3 years	-	-	-
Total	2,420,857,752.11	-	-

Accounts receivable portfolios for which bad debt provision has been assessed using the percentage of total receivables outstanding method:

Applicable N/A

Accounts receivable portfolios for which bad debt provision has been assessed using the other methods:

Applicable N/A

(2). Provisions, recovery or reversal of bad debts for the period:

In the current year, bad debt provision has been made, and recovered or reversed by RMB 0 and RMB 0 respectively.

Recovery or reversal of bad debt provision with significant amount during the current period:

Applicable N/A

(3). Accounts receivable actually written off in the current period

Applicable N/A

Unit: RMB

Item	Written-off
Accounts receivable actually written off	3,073,571.78

Written-off of significant accounts receivable

Applicable N/A

(4). Top five accounts receivable categorized by debtor

Applicable N/A

(5). Accounts receivable derecognized due to transfer of financial assets

Applicable N/A

(6). Transfer of amounts of accounts receivables and assets and liabilities arising from continuing involvement

Applicable N/A

Other explanations:

Applicable N/A

2. Other receivables**Summary****(1). By categories**

Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Interest receivable	1,068,804,496.43	552,615,467.54
Dividends receivable	1,401,149,536.35	1,578,902,378.95
Other receivables	5,982,372,688.34	2,542,734,261.86
Total	8,452,326,721.12	4,674,252,108.35

Other explanations:

Applicable N/A

Interest receivable**(2). Interest receivable by categories**√ Applicable N/A

Unit: RMB

Item	December 31, 2018	December 31, 2017
Time deposit	994,405,630.06	515,714,571.25
Entrusted loans	74,398,866.37	36,900,896.29
Bonds investment		
Total	1,068,804,496.43	552,615,467.54

(3). Significant overdue interest Applicable N/A

Other explanations:

 Applicable N/A**(4). Dividends receivable** Applicable N/A**(5). Significant dividends receivable aged more than one year** Applicable N/A

Other explanations:

 Applicable N/A**Other receivables****(1). Disclosure of other receivables by categories**√ Applicable N/A

Unit: RMB

Categories	December 31, 2018					December 31, 2017				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	%	Amount	%		Amount	%	Amount	%	
Other receivable that are individually significant and for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Other receivables for which bad debt provision is collectively assessed by credit risk	5,982,372,688.34	100.00	-	-	5,982,372,688.34	2,542,734,261.86	100.00	-	-	2,542,734,261.86
Other receivable that are not individually significant but for which bad debt provision has been assessed individually	-	-	-	-	-	-	-	-	-	-
Total	5,982,372,688.34	100.00	-	-	5,982,372,688.34	2,542,734,261.86	100.00	-	-	2,542,734,261.86

Other receivables that are individually significant and for which bad debt provision has been assessed individually at the end of the period

Applicable N/A

Other receivable portfolios for which bad debt provision has been assessed using the aging analysis method:

Applicable N/A

Unit: RMB

Aging	December 31, 2018		
	Other receivables	Bad debt provision	Proportion (%)
Within 1 year	4,763,664,935.34	-	
Including: Breakdown of aging within 1 year			
Subtotal of within 1 year	4,763,664,935.34	-	
1-2 years	1,036,903,753.00	-	
2-3 years	174,715,000.00	-	
Over 3 years	7,089,000.00	-	
Total	5,982,372,688.34	-	

Other receivables portfolios for which bad debt provision has been assessed using the percentage of total receivables outstanding method:

Applicable N/A

Other receivable portfolios for which bad debt provision has been assessed using the other methods:

Applicable N/A

(2). Other receivables by nature

Applicable N/A

(3). Provisions, recovery or reversal of bad debts for the period

During the year, provision, recovery or reversal of bad debt are all RMB 0.

Significant reversal or recovery of bad debt provision for the period:

Applicable N/A

(4). Other receivables actually written off in the current period

Applicable N/A

(5). Top five other receivables categorized by debtor

Applicable N/A

(6). Other receivables related to government grants

Applicable N/A

(7). Other receivables derecognized due to transfer of financial assets

Applicable N/A

(8). Transfer of other receivables and the amount of financial assets and liabilities arising from continuing involvement

Applicable N/A

Other explanations:

Applicable N/A

3. Inventories**(1) Categories of inventories**

Unit: RMB

Item	December 31, 2018			December 31, 2017		
	Book balance	Provision for decline in value	Book value	Book balance	Provision for decline in value	Book value
Raw materials	1,149,488,217.37	-	1,149,488,217.37	879,246,353.58	-	879,246,353.58
Work-in-process	52,205,122.49	-	52,205,122.49	207,942,149.48	-	207,942,149.48
Finished goods	3,993,047,147.87	128,557,127.01	3,864,490,020.86	2,579,930,010.72	95,546,280.08	2,484,383,730.64
Total	5,194,740,487.73	128,557,127.01	5,066,183,360.72	3,667,118,513.78	95,546,280.08	3,571,572,233.70

(2) Provision for decline in value of inventories

Unit: RMB

Category	December 31, 2017	Provision	Write-off	December 31, 2018
Finished goods	95,546,280.08	87,846,124.24	54,835,277.31	128,557,127.01

(3) Information about the provision for decline in value of inventories

Unit: RMB

Item	Basis of provision for decline in value of inventories	Reason for reversal of provision
Finished goods	Lower of cost or net realizable value	N/A

4. Available-for-sale financial assets

Unit: RMB

Item	December 31, 2018	December 31, 2017
Available-for-sale equity instruments	7,815,170,714.40	12,540,293,472.90
-measured at fair value	7,815,170,714.40	12,540,293,472.90
Total	7,815,170,714.40	12,540,293,472.90

5. Long-term equity investments

√ Applicable □ N/A

Unit: RMB

Item	December 31, 2018			December 31, 2017		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Investments in subsidiaries	83,139,462,672.16		83,139,462,672.16	72,553,907,412.15		72,553,907,412.15
Investments in joint ventures and associates	43,477,670,675.41		43,477,670,675.41	42,417,485,791.11		42,417,485,791.11
Total	126,617,133,347.57		126,617,133,347.57	114,971,393,203.26		114,971,393,203.26

(1). Investments in subsidiaries

√ Applicable □ N/A

Unit: RMB

Invested companies	December 31, 2017	Increase	Decrease	December 31, 2018	Impairment provision for the period	Impairment provision as at December 31, 2018
SAIC GM Wuling Co., Ltd.	1,126,669,400.01			1,126,669,400.01		
SAIC Maxus Vehicle Co., Ltd. (Note 1)	6,214,250,000.00	2,072,980,000.00		8,287,230,000.00		
SAIC Finance Co., Ltd. (Note 2)	6,584,176,933.09	4,949,946,800.00		11,534,123,733.09		
SAIC Volkswagen Sales Co., Ltd.	225,339,303.84			225,339,303.84		
Shanghai Pengpu Machine Building Plant Co., Ltd.	925,582,955.01			925,582,955.01		
SAIC Motor Transmission Co., Ltd.	5,359,590,000.00			5,359,590,000.00		
Nanjing Automobile (Group) Corporation	3,423,861,978.39			3,423,861,978.39		
Shanghai Diesel Engine Co., Ltd.	1,173,419,996.46			1,173,419,996.46		
SAIC HK Investment Co., Ltd.	2,046,066,390.00			2,046,066,390.00		
SAIC Motor UK Co., Ltd.	46,468,800.00			46,468,800.00		
SAIC Capital Co., Ltd.	4,000,000,000.00			4,000,000,000.00		
SAIC General Motors Sales Co., Ltd.	158,319,147.00			158,319,147.00		
HUAYU Automotive Systems Co., Ltd.	12,878,718,472.88			12,878,718,472.88		
SAIC Motor (Beijing) Co., Ltd.	316,317,252.11			316,317,252.11		
Shanghai Automobile Asset Management Co., Ltd	872,425,316.32			872,425,316.32		
Shanghai Automobile Import & Export Company (Note 3)	1,627,026,218.48		1,627,026,218.48	-		
Shanghai Automotive Industry Sales Co., Ltd (Note 4)	4,738,825,235.94	86,223,200.00		4,825,048,435.94		
SAIC HK Limited (Note 5)	590,973,200.76		590,973,200.76	-		
SAIC Motor North America Co., Ltd.	172,336,204.50			172,336,204.50		

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Anji Automotive Logistics Co., Ltd.	2,118,090,251.55			2,118,090,251.55		
Donghua Automobile Industrial Co., Ltd.	654,940,453.36			654,940,453.36		
Shanghai Shangyuan Investment Management Co., Ltd.	345,167,221.39			345,167,221.39		
China Automotive Industrial Development Co., Ltd.	274,872,910.12			274,872,910.12		
SAIC Motor Activity Centre Co., Ltd.	163,314,188.68			163,314,188.68		
Shanghai Automotive News Press Co., Ltd.	9,891,593.78			9,891,593.78		
Shanghai Jineng Bus Drive System Co., Ltd.	99,908,080.00			99,908,080.00		
SAIC Investment Management Co., Ltd. (Note 6)	5,993,034,220.78	3,596,404,679.25		9,589,438,900.03		
Shanghai Shanghong Real Estate Co., Ltd.	1,900,000,000.00			1,900,000,000.00		
Shanghai Sunwin Bus Co., Ltd. (Note 7)	422,301,294.40	400,000,000.00		822,301,294.40		
SAIC Group Financial Holding Management Co., Ltd. (Note 8)	7,500,000,000.00	1,500,000,000.00		9,000,000,000.00		
SAIC-IVECO Hongyan Commercial Vehicle Co., Ltd. (Note 9)	592,020,393.30	198,000,000.00		790,020,393.30		
Total	72,553,907,412.15	12,803,554,679.25	2,217,999,419.24	83,139,462,672.16		

Note 1: In the current year, the Company made additional capital contributions of RMB 2,072,980,000.00 by cash and bank balances to SAIC Maxus.

Note 2: In the current year, the Company made additional capital contributions of RMB 4,949,946,800.00 by cash and bank balances to SFC.

Note 3: In the current year, the Company transferred 100.00% equity of Shanghai Automobile Import & Export Company to SAIC International Trade Co., Ltd., a subsidiary of the Group at a consideration of RMB 1,674,966,311.77 to acquire investment income of RMB 47,940,093.29.

Note 4: In the current year, the Company made additional capital contributions of RMB 86,223,200.00 by cash and bank balances to Industrial Sale.

Note 5: In the current year, the Company transferred 100.00% equity of SAIC Hong Kong Limited to SAIC International Trade Co., Ltd., a subsidiary of the Group at a consideration of RMB 549,872,840.95, resulting in investment loss of RMB 41,100,359.81.

Note 6: In the current year, the Company made additional capital contributions of RMB 3,596,404,679.25 by cash and bank balances to Investment Management.

Note 7: In the current year, the Company made additional capital contributions of RMB 400,000,000.00 by cash and bank balances to Shanghai Sunwin.

Note 8: In the current year, the Company made additional capital contributions of RMB 1,500,000,000.00 by cash and bank balances to SAIC Financial Holding.

Note 9: In the current year, the Company acquired 3.04% equity of IVECO Hongyan from SAIC-IVECO Commercial Vehicle Investment Co., Ltd., another investor of IVECO Hongyan, at a price of 27,119,194.63 so that the shareholding ratio of the Company in IVECO Hongyan was increased to 56.96%. After the completion of above equity transfer, the Company made additional capital contributions to IVECO Hongyan at a price of RMB 170,880,805.37 by cash and bank balances according to the shareholding ratio.

(2). Investments in joint ventures and associates

√ Applicable □ N/A

Unit: RMB

Invested companies	December 31, 2017	Increase (decrease) during the year	December 31, 2018	Impairment provision as at December 31, 2018
		Others		
I Joint ventures				
SAIC Volkswagen automotive Co., Ltd.	21,674,484,698.86	791,806,336.40	22,466,291,035.26	
SAIC General Motors Co., Ltd.	15,117,639,433.17	135,536,221.44	15,253,175,654.61	
Shanghai GM Dong Yue Motors Co., Ltd.	537,082,775.37	76,992,279.81	614,075,055.18	
Shanghai GM Dong Yue Automotive Powertrain Co., Ltd.	1,543,641,781.03	4,633,097.76	1,548,274,878.79	
Shanghai GM (Shenyang) Norsom Motors Co., Ltd.	653,826,607.36	42,449,759.09	696,276,366.45	
Pan-Asia Technical Automotive Centre	454,068,533.94	-33,241,478.17	420,827,055.77	
SAIC Iveco Commercial Vehicle Investment Co., Ltd.	325,308,859.13	110,344,170.28	435,653,029.41	
Sub-total	40,306,052,688.86	1,128,520,386.61	41,434,573,075.47	
II Associates				
Volkswagen Automotive Powertrain Co., Ltd.	1,917,643,428.48	-74,257,166.77	1,843,386,261.71	
Volkswagen Transmission (Shanghai) Co., Ltd.	193,789,673.77	5,921,664.46	199,711,338.23	
Sub-total	2,111,433,102.25	-68,335,502.31	2,043,097,599.94	
Total	42,417,485,791.11	1,060,184,884.30	43,477,670,675.41	

6. Investment properties

Investment properties measured at cost

Unit: RMB

Item	Buildings	Land use right	Total
I. Cost			
December 31, 2017	362,655,757.85	50,386,952.98	413,042,710.83
December 31, 2018	362,655,757.85	50,386,952.98	413,042,710.83
II. Accumulated depreciation and amortization			

December 31, 2017	109,708,468.87	13,436,520.41	123,144,989.28
Provision and amortization	9,532,374.45	1,007,739.07	10,540,113.52
December 31, 2018	119,240,843.32	14,444,259.48	133,685,102.80
III. Net book value			
December 31, 2018	243,414,914.53	35,942,693.50	279,357,608.03
December 31, 2017	252,947,288.98	36,950,432.57	289,897,721.55

7. Fixed assets

(1) Information of fixed assets

Unit: RMB

Item	Buildings	Machinery and equipment	Electronic equipment, fixtures and furniture	Transportation vehicles	Molds	Total
I. Cost						
December 31, 2017	4,236,528,343.66	7,585,783,670.19	810,934,876.89	87,291,960.09	3,297,204,452.83	16,017,743,303.66
Purchase during the year	-	1,129,906.84	241,612.27	-	349,926,674.61	351,298,193.72
Transfer from construction in progress during the year	385,099,898.25	1,296,280,599.49	75,767,101.79	21,094,806.91	542,940,634.32	2,321,183,040.76
Disposals or retirement during the year	1,220,270.70	282,424,555.07	15,893,534.47	3,207,565.27	106,305,260.89	409,051,186.40
December 31, 2018	4,620,407,971.21	8,600,769,621.45	871,050,056.48	105,179,201.73	4,083,766,500.87	18,281,173,351.74
II. Accumulated depreciation						
December 31, 2017	814,437,054.96	2,152,082,856.79	482,143,102.68	56,076,377.02	959,697,134.42	4,464,436,525.87
Provision during the year	160,744,912.95	575,553,851.63	96,028,028.46	9,593,936.96	237,736,009.07	1,079,656,739.07
Disposals or retirement during the year	1,117,953.47	198,686,191.60	15,639,771.09	2,610,516.53	44,553,315.67	262,607,748.36
December 31, 2018	974,064,014.44	2,528,950,516.82	562,531,360.05	63,059,797.45	1,152,879,827.82	5,281,485,516.58
III. Impairment						
December 31, 2017	-	1,892,696,168.54	-	97,478.08	1,830,047,411.01	3,722,841,057.63
Provision during the year	-	-	-	-	23,106,918.16	23,106,918.16
Disposals or retirement during the year	-	81,614,128.96	-	-	61,751,945.22	143,366,074.18
December 31, 2018	-	1,811,082,039.58	-	97,478.08	1,791,402,383.95	3,602,581,901.61
IV. Net book value						
December 31, 2018	3,646,343,956.77	4,260,737,065.05	308,518,696.43	42,021,926.20	1,139,484,289.10	9,397,105,933.55
December 31, 2017	3,422,091,288.70	3,541,004,644.86	328,791,774.21	31,118,104.99	507,459,907.40	7,830,465,720.16

(2) Fixed assets of which certificates of title have not been obtained

Unit: RMB

Item	Book value at December 31, 2018	Reasons why certificates of title have not been obtained
Buildings	3,323,620,046.72	In progress

8. Construction in progress

Unit: RMB

Item	December 31, 2017	Increase during the year	Transfer to fixed assets upon completion	Transfer to intangible assets	December 31, 2018
Project of passenger vehicles of self-owned brands	525,533,464.70	4,844,359,893.81	1,842,226,025.74	21,774,826.44	3,505,892,506.33
Project of R&D center expansion	177,715,838.03	287,255,517.58	229,755,988.91	56,853,875.18	178,361,491.52
Others	385,753,681.59	360,091,024.50	249,201,026.11	89,295,198.42	407,348,481.56
Total	1,089,002,984.32	5,491,706,435.89	2,321,183,040.76	167,923,900.04	4,091,602,479.41

9. Intangible assets and development expenditure

(1) Intangible assets

Unit: RMB

Item	Land use right	Patent	Know-how	Software use right	Trademark right	Total
I. Cost						
December 31, 2017	1,832,317,912.71	1,025,962,252.05	2,344,710,403.83	619,391,394.41	11,533,962.26	5,833,915,925.26
Purchase during the year	798,924,200.00	-	-	2,599,245.41	-	801,523,445.41
Transfer from construction in progress during the year	3,192,000.00	-	-	164,731,900.04	-	167,923,900.04
December 31, 2018	2,634,434,112.71	1,025,962,252.05	2,344,710,403.83	786,722,539.86	11,533,962.26	6,803,363,270.71
II. Accumulated amortization						
December 31, 2017	237,392,622.48	944,712,252.05	1,634,169,737.77	393,129,410.68	4,938,923.86	3,214,342,946.84
Amortization during the year	43,239,556.99	-	-	65,191,225.09	1,165,618.44	109,596,400.52
December 31, 2018	280,632,179.47	944,712,252.05	1,634,169,737.77	458,320,635.77	6,104,542.30	3,323,939,347.36
III. Impairment						
December 31, 2017	-	81,250,000.00	710,540,666.06	-	-	791,790,666.06
December 31, 2018	-	81,250,000.00	710,540,666.06	-	-	791,790,666.06
IV. Net book value						
December 31, 2018	2,353,801,933.24	-	-	328,401,904.09	5,429,419.96	2,687,633,257.29

December 31, 2017	1,594,925,290.23	-	-	226,261,983.73	6,595,038.40	1,827,782,312.36
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(2) Land use right of which certificates of title have not been obtained

Unit: RMB

Item	Book value at December 31, 2018	Reasons why certificates of title have not been obtained
Land use right	276,019,347.50	In progress

(3) Development expenditure

Unit: RMB

Item	December 31, 2017	Increase during the year	Recognized in profit or loss	December 31, 2018
Research expenditures	-	3,028,367,421.24	3,028,367,421.24	-
Development expenditures	-	4,791,868,545.76	4,300,071,933.67	491,796,612.09
Total	-	7,820,235,967.00	7,328,439,354.91	491,796,612.09

Development expenditures accounts for 61.28% of total research and development expenditures during the year.

10. Employee benefits payable

(1) Details of employee benefits payable

Unit: RMB

Item	December 31, 2018	December 31, 2017
Short-term employee benefits	1,674,403,681.66	1,887,981,546.50

(2) Details of short-term benefits

Unit: RMB

Item	December 31, 2018	December 31, 2017
Payroll, bonus, allowance and subsidies	1,415,094,388.77	1,626,796,088.31
Social security contributions	20,522,611.07	24,939,101.11
Housing funds	6,896,195.10	3,383,232.55
Trade union fund and employee education fund	231,890,486.72	232,863,124.53
Total	1,674,403,681.66	1,887,981,546.50

11. Non-current liabilities due within one year

Unit: RMB

Item	December 31, 2018	December 31, 2017
Provisions due within one year (Note	1,378,908,678.20	1,454,647,208.39

(XVIII) 15)		
Long-term borrowings due within one year (Note (XVIII) 12)	920,000,000.00	-
Total	2,298,908,678.20	1,454,647,208.39

12. Long-term borrowings

Unit: RMB

Item	December 31, 2018	December 31, 2017
Credit loans	8,640,000,000.00	-
Less: Long-term borrowings due within one year (Note (XVIII) 11)	920,000,000.00	-
Total	7,720,000,000.00	-

13. Long-term employee benefits payable

(1) Details of long-term employee benefits payable

Unit: RMB

Item	December 31, 2018	December 31, 2017
Post-employment benefit - net liabilities of defined benefit plan	2,545,955,752.79	2,203,511,535.23
Termination benefits	956,926,923.37	960,834,262.39
Total	3,502,882,676.16	3,164,345,797.62

(2) Movements of defined benefit plan

Unit: RMB

Item	2018	2017
December 31, 2017	2,203,511,535.23	2,761,333,540.00
Cost of defined benefit plan recognized in profit or loss	98,126,364.30	102,738,136.29
1. Net value of interests	98,126,364.30	102,738,136.29
Cost of defined benefit plan recognized in other comprehensive income	275,769,425.42	-624,485,049.06
1. Actuarial losses (gains)	275,769,425.42	-624,485,049.06
Benefits paid	-31,451,572.16	-36,075,092.00
December 31, 2018	2,545,955,752.79	2,203,511,535.23

14. Long-term payables

Unit: RMB

Category	December 31, 2018	December 31, 2017
Special reward fund	769,707,669.35	799,193,690.72

15. Provisions

Unit: RMB

Item	December 31, 2018	December 31, 2017
Products quality warranty	2,932,762,731.89	2,174,856,361.62
Others	396,769,880.25	867,513,317.98
Sub-total	3,329,532,612.14	3,042,369,679.60
Less: Provisions due within one year (Note (XVIII) 11)	1,378,908,678.20	1,454,647,208.39
Provisions due after one year	1,950,623,933.94	1,587,722,471.21

16. Deferred income

Unit: RMB

Item	December 31, 2018	December 31, 2017
Government grants	2,515,135,076.12	1,644,991,049.42

17. Deferred tax liabilities

Unit: RMB

Item	December 31, 2018		December 31, 2017	
	Taxable temporary differences	Differed tax liabilities	Taxable temporary differences	Differed tax liabilities
Changes in fair value of available-for-sale financial assets	4,252,564,671.80	637,884,700.77	7,576,197,562.53	1,136,429,634.38

18. Capital reserve

Unit: RMB

Item	December 31, 2017	Increase	December 31, 2018
Year 2018			
Share premium	64,375,790,453.57	-	64,375,790,453.57
Including: Capital contributed by investors	64,196,291,116.18	-	64,196,291,116.18
Differences arising from business combination involving enterprises under common control	179,499,337.39	-	179,499,337.39
Other capital reserve	753,543,097.35	-	753,543,097.35
Total	65,129,333,550.92	-	65,129,333,550.92
Year 2017			
Share premium	50,170,949,359.63	14,204,841,093.94	64,375,790,453.57

Including: Capital contributed by investors	49,991,450,022.24	14,204,841,093.94	64,196,291,116.18
Differences arising from business combination involving enterprises under common control	179,499,337.39	-	179,499,337.39
Other capital reserve	753,543,097.35	-	753,543,097.35
Total	50,924,492,456.98	14,204,841,093.94	65,129,333,550.92

19. Other comprehensive income

Unit: RMB

Item	December 31, 2017	Year ended December 31, 2018			December 31, 2018
		Incurring amount before income tax	Less: Amount included in other comprehensive income in the prior period and transferred to profit or loss for the period	Less: Income tax expenses	
I. Other comprehensive income that will not be reclassified to profit or loss	1,168,634,036.37	-275,769,425.42	-	-	892,864,610.95
Including: Changes due to re-measurement of defined benefit plans	1,168,634,036.37	-275,769,425.42	-	-	892,864,610.95
II. Other comprehensive income that may be reclassified to profit or loss	6,422,487,001.13	-1,445,902,503.23	1,874,148,592.90	-498,544,933.61	3,600,980,838.61
Including: Share of other comprehensive income of the investee that will be reclassified to profit or loss under the equity method	-17,280,927.02	3,581,794.60	-	-	-13,699,132.42
Profit or loss arising from changes in fair value of available-for-sale financial assets	6,439,767,928.15	-1,449,484,297.83	1,874,148,592.90	-498,544,933.61	3,614,679,971.03
Total	7,591,121,037.50	-1,721,671,928.65	1,874,148,592.90	-498,544,933.61	4,493,845,449.56

20. Operating income/costs

(1). Operating income/costs

 Applicable N/A

Unit: RMB

Item	Year ended December 31, 2018		Year ended December 31, 2017	
	Income	Costs	Income	Costs
Primary operations	71,919,985,102.41	61,109,268,954.94	54,514,091,046.45	45,549,730,680.81
Other operations	4,575,533,415.44	2,894,416,535.39	2,714,345,259.92	1,534,323,643.77
Total	76,495,518,517.85	64,003,685,490.33	57,228,436,306.37	47,084,054,324.58

Other explanations:

(2) Primary operations

Unit: RMB

	Year ended December 31, 2018	Year ended December 31, 2017

	Operating income	Operating costs	Operating income	Operating costs
Sales of vehicles	67,922,637,972.77	57,649,883,808.57	51,052,726,447.78	42,578,429,577.23
Sales of parts	3,997,347,129.64	3,459,385,146.37	3,461,364,598.67	2,971,301,103.58
Total	71,919,985,102.41	61,109,268,954.94	54,514,091,046.45	45,549,730,680.81

(3) Other operations

Unit: RMB

	Year ended December 31, 2018		Year ended December 31, 2017	
	Operating income	Operating costs	Operating income	Operating costs
Rendering of services	1,274,701,372.72	1,233,964,096.35	783,274,547.57	677,504,784.26
Sales of raw materials and waste	1,525,974,820.94	1,357,420,980.19	770,910,697.46	763,043,233.54
Commission and royalties of technology	1,564,246,685.20	144,216,048.31	968,511,109.04	-
Rental	47,453,787.77	17,840,455.31	54,960,066.36	17,722,734.70
Others	163,156,748.81	140,974,955.23	136,688,839.49	76,052,891.27
Total	4,575,533,415.44	2,894,416,535.39	2,714,345,259.92	1,534,323,643.77

21. Impairment losses of assets

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Bad debt loss	-	3,073,571.78
Loss from decline in value of inventories	87,846,124.24	52,693,782.38
Impairment loss of fixed assets	23,106,918.16	76,580,879.48
Total	110,953,042.40	132,348,233.64

22. Investment income

√ Applicable □ N/A

Unit: RMB

Item	Year ended December 31, 2018	Year ended December 31, 2017
Income from long-term equity investments under cost method		
Dividends declared by subsidiaries	8,676,611,796.02	8,366,045,011.69
Income from long-term equity investments under equity method	23,655,101,701.59	22,981,638,450.33
Investment income from disposal of long-term equity investments		

Investment income from financial assets at fair value through profit or loss during the hold period		
Investment income from disposal of financial assets at fair value through profit or loss		
Investment income from held-to-maturity investments during the hold period		
Investment income from disposal of held-for-maturity financial assets		
Investment income from available-for-sale financial assets during the hold period	363,008,867.02	397,935,649.08
Investment income from disposal of available-for-sale financial assets	1,768,064,710.28	
Gains on re-measurement of remaining equity at fair value after the control is lost		
Investment income from entrusted loans	145,175,808.32	165,115,041.11
Amortization of long-term equity investment difference		
Gains on disposal of long-term equity investments	6,839,733.48	
Total	34,614,802,616.71	31,910,734,152.21

Note: Gain on disposal of long-term equity investments was derived from the disposal of subsidiaries Shanghai Automobile Import & Export Company and SAIC Hong Kong Limited in the current year. Refer to Note (XVIII) 5 Note 3 and Note 5.

23. Supplementary information to the cash flow statements

Unit: RMB

Supplementary information	Year ended December 31, 2018	Year ended December 31, 2017
1. Reconciliation of net profit to cash flows from operating activities:		
Net profit	30,966,860,476.50	27,459,530,038.85
Add: Impairment loss of assets	110,953,042.40	132,348,233.64
Depreciation of fixed assets	1,079,656,739.07	635,783,425.24
Amortization of intangible assets	109,596,400.52	88,004,672.48
Depreciation and amortization of investment properties	10,540,113.52	10,540,113.22
Amortization of long-term prepaid expenses	15,881,868.21	16,553,906.60
Gains on disposal of assets	-31,347,790.31	-5,964,755.58
Financial expenses	11,920,197.45	573,487,529.71
Investment income	-34,614,802,616.71	-31,910,734,152.21
Other income related to assets	-	-44,560,237.04
Increase in inventories	-1,582,457,251.26	-1,661,235,270.36
Increase in operating receivables	-6,939,386,351.30	-1,680,008,478.24
Increase in operating payables	5,613,328,496.81	7,920,501,444.62

Net cash flow from operating activities	-5,249,256,675.10	1,534,246,470.93
2. Net changes in cash and cash equivalents:		
Closing balance of cash and cash equivalents	65,270,094,412.35	67,146,098,830.38
Less: Opening balance of cash and cash equivalents	67,146,098,830.38	55,541,206,630.65
Net increase (decrease) in cash and cash equivalents	-1,876,004,418.03	11,604,892,199.73

24. Related party relationships and transactions

A. Major related parties which have significant transactions or balances with the Company are as follows:

- (1) For the details of major subsidiaries of the Company, refer to Note (X) 1.
- (2) For the details of major joint ventures and associates of the Company, refer to Note (VIII) 16 and Note (X) 3.
- (3) For the details of other major related parties which have significant transactions or balances with the Company, refer to Note (XIII) 4.

B. Related party transactions

(1) Sales and purchases

(a) Sales of goods

Unit: RMB

Related party	Year ended December 31, 2018	Year ended December 31, 2017
Subsidiaries	10,349,070,872.97	5,560,606,696.05

(b) Sales of materials

Unit: RMB

Related party	Year ended December 31, 2018	Year ended December 31, 2017
Subsidiaries	1,333,623,628.39	710,228,350.11
Associates	124,430,322.91	22,618,105.75
Total	1,458,053,951.30	732,846,455.86

(c) Purchase of goods and materials

Unit: RMB

Related party	Year ended December 31, 2018	Year ended December 31, 2017
Subsidiaries	41,123,252,847.26	31,689,278,546.16
Joint ventures	4,632,447,329.74	4,416,212,336.44
Associates	459,020,278.87	1,298,133,883.08
Subsidiaries of SAIC	156,742.90	153,724.42

Associates of SAIC	10,296,432.19	40,915,100.73
Total	46,225,173,630.96	37,444,693,590.83

(d) Purchase of long-term assets

Unit: RMB

Related party	Year ended December 31, 2018	Year ended December 31, 2017
Subsidiaries	353,779,029.32	93,535,995.12
Joint ventures	200,580,457.90	78,374,435.97
Associates	1,693,449.23	5,411,521.52
Associates of SAIC	23,452,830.27	924,044.70
Total	579,505,766.72	178,245,997.31

(e) Receipts of services - R&D expenditures

Unit: RMB

Related party	Year ended December 31, 2018	Year ended December 31, 2017
Subsidiaries	996,387,749.96	602,637,098.33
Joint ventures	816,485,783.29	745,960,308.91
Associates	51,907,514.06	91,119,735.45
Subsidiaries of SAIC	490,800.00	990.57
Associates of SAIC	-	89,920.91
Total	1,865,271,847.31	1,439,808,054.17

(2) Rendering of services

(a) Rendering of services

Unit: RMB

Related party	Year ended December 31, 2018	Year ended December 31, 2017
Subsidiaries	43,859,872.32	27,390,868.63
Joint ventures	191,506,969.61	151,521,524.05
Associates	2,027,968.87	2,160,291.51
SAIC	730,696,211.42	398,477,774.03
Total	968,091,022.22	579,550,458.22

(b) Rental income

Unit: RMB

Related party	Year ended December 31,	Year ended December 31,
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	2018	2017
Subsidiaries	25,997,653.23	33,697,230.32
Joint ventures	21,456,134.54	21,262,836.04
Total	47,453,787.77	54,960,066.36

(c) Income from royalties of technology and transfer fee

Unit: RMB

Related party	Year ended December 31, 2018	Year ended December 31, 2017
Subsidiaries	1,261,477,800.00	712,446,500.00
Joint ventures	302,768,885.20	255,944,609.04
Total	1,564,246,685.20	968,391,109.04

(3) Other expenses

(a) Logistics service expenses, royalties and others

Unit: RMB

Related party	Year ended December 31, 2018	Year ended December 31, 2017
Subsidiaries	2,640,565,989.43	1,747,311,083.45
Joint ventures	-	155,276.00
Associates	642,499.05	-
Associates of SAIC	2,665,044.77	-
Total	2,643,873,533.25	1,747,466,359.45

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

(4) Financing

(a) Loans to related parties

① Movements of entrusted loans to related parties by the Company are as follows:

Unit: RMB

	Subsidiaries	Subsidiaries of SAIC	Total
December 31, 2017	5,095,830,000.00	-	5,095,830,000.00
Loans offered	3,405,900,000.00	130,000,000.00	3,535,900,000.00
Loans recovered	-6,680,730,000.00	-130,000,000.00	-6,810,730,000.00
December 31, 2018	1,821,000,000.00	-	1,821,000,000.00

RMB 956,000,000.00 in the closing balance of above entrusted loans was included in other current assets, RMB 665,000,000.00 was included in other non-current assets, and RMB 200,000,000.00 was included in other non-current assets due within one year.

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

Unit: RMB

	Subsidiaries
December 31, 2017	8,871,590,300.00
Loans offered	450,000,000.00
Effect of foreign exchange rate changes	426,548,500.00
December 31, 2018	9,748,138,800.00

RMB 9,448,138,800.00 in the balance of above loans was included in other non-current assets, and RMB 300,000,000.00 was included in other current assets.

③ Interest received from subsidiaries are as follows:

Unit: RMB

	Year ended December 31, 2018	Year ended December 31, 2017
Subsidiaries	144,293,308.31	162,162,518.72

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

(b) Loans from SFC

① Movements of loans from SFC are as follows:

Unit: RMB

	SFC
December 31, 2017	-
Borrowings	1,500,000,000.00
Repayments	-90,000,000.00
December 31, 2018	1,410,000,000.00

The Company participated in syndicated loan plan led by SFC which provided the loan to the Company as a lender of the syndicated loan with other lending banks participating in the syndicated loan. In the closing balance of above loans, RMB 1,260,000,000.00 was included in the long-term borrowings, and RMB 150,000,000.00 was included in the non-current liabilities due within one year.

② Interest payable to SFC is as follows:

Unit: RMB

	December 31, 2018	December 31, 2017
Interest payable	1,799,062.50	-

③ Loan interest paid to SFC

Unit: RMB

	Year ended December 31, 2018	Year ended December 31, 2017
SFC	36,890,689.95	-

Interest rates for loans issued by SFC were determined according to the contracts.

(c) Deposits at SFC

① Movements of deposits at SFC are as follows:

Unit: RMB

	December 31, 2017	Increase	Decrease	December 31, 2018
Cash and bank balances	52,035,059,220.80	372,855,832,254.93	-373,329,252,403.90	51,561,639,071.83

② Interest receivable from SFC is as follows:

Unit: RMB

	December 31, 2018	December 31, 2017
Interest receivable	795,332,885.34	366,572,011.24

③ Interest received from SFC is as follows:

Unit: RMB

	December 31, 2018	December 31, 2017
Interest income	1,220,204,201.18	926,638,894.38

Interest rates for deposits at SFC were determined according to interest rates of deposits at financial institutions specified by the People's Bank of China.

(d) Financing charges paid to SFC

Unit: RMB

	December 31, 2018	December 31, 2017
SFC	345,372,186.18	261,709,501.98

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

C. Amounts due from / to related parties

(1) Notes receivable

Unit: RMB

Related party	December 31, 2018	December 31, 2017
Subsidiaries	3,231,074,512.94	971,544,387.00

(2) Accounts receivable

Unit: RMB

Related party	December 31, 2018	December 31, 2017
Subsidiaries	2,161,675,342.28	847,172,705.19
Joint ventures	67,728,661.24	272,349,253.59
Associates	125,126,232.64	45,419,289.17
SAIC	35,815,985.40	-
Total	2,390,346,221.56	1,164,941,247.95

(3) Prepayments

Unit: RMB

Related party	December 31, 2018	December 31, 2017
Subsidiaries	141,750,438.00	108,571,754.22
Associates	24,104,182.74	22,430,696.96
Total	165,854,620.74	131,002,451.18

(4) Dividends receivable

Unit: RMB

Related party	December 31, 2018	December 31, 2017
Subsidiaries	172,580,192.96	71,468,678.28
Joint ventures	1,228,569,343.39	1,507,433,700.67
Total	1,401,149,536.35	1,578,902,378.95

(5) Other receivables

Unit: RMB

Related party	December 31, 2018	December 31, 2017
Subsidiaries	1,467,980,701.83	848,228,043.05

(6) Accounts payable

Unit: RMB

Related party	December 31, 2018	December 31, 2017
Subsidiaries	5,299,667,364.50	5,747,691,532.91
Joint ventures	1,702,616,297.88	1,565,755,870.69
Associates	328,678,866.63	330,650,647.72
Subsidiaries of SAIC	8,750,912.75	361,494.67
Associates of SAIC	296,537.03	17,701,690.02
Total	7,340,009,978.79	7,662,161,236.01

(7) Receipts in advance

Unit: RMB

Related party	December 31, 2018	December 31, 2017
Subsidiaries	279,297,960.62	92,608,563.09
SAIC	1,654,962,009.11	886,191,087.04
Total	1,934,259,969.73	978,799,650.13

(8) Other payables

Unit: RMB

Related party	December 31, 2018	December 31, 2017
Subsidiaries	413,279,336.95	391,305,691.73
Joint ventures	25,000.00	31,000.00
Associates	28,500.00	28,500.00

SAIC	65,837,500.00	-
Associates of SAIC	26,350.00	16,350.00
Total	479,196,686.95	391,381,541.73

(9) Notes payable

Unit: RMB

Related party	December 31, 2018	December 31, 2017
Subsidiaries	407,323,359.00	-
Joint ventures	13,407,246.00	-
Associates	2,814,226.00	-
Total	423,544,831.00	-

25. Others Applicable N/A**XIX. APPROVAL OF THE FINANCIAL STATEMENTS**

The consolidated and the Company's financial statements for the year ended December 31, 2018 have been approved by the Board of Directors on March 29, 2019.

XX. SUPPLEMENTARY INFORMATION**1. Statement of non-recurring profit or loss** Applicable N/A

Unit: RMB

Item	Amount	Description
Profit or loss on disposal of non-current assets	559,505,098.66	
Tax refunds or reductions with ultra vires approval or without official approval documents		
Government grants recognized in profit or loss for the current year, except those which are closely related with normal business courses, and granted on quota basis continuously based on the state policy	3,583,637,108.24	
Income earned from lending funds to non-financial institutions and recognized in profit or loss		
The excess of acquirer's proportionate share of fair value of identifiable net assets of acquiree over the consideration paid for the acquisition of subsidiaries, associates and joint ventures	1,449,378,901.59	
Profit or loss on exchange of non-monetary assets		
Profit or loss on entrusted investments or assets management		
Impairment losses on assets due to force majeure events, e.g. natural disasters		
Profit or loss on debt restructuring	-304,726.30	
Entity restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.		
Profit or loss attributable to the evidently unfair portion of transaction price, being transacted price in excess of fair transaction price, of a transaction		
Net profit or loss of subsidiaries from the beginning of the period up to the business combination		

date recognized as a result of business combination of enterprises under common control		
Profit or loss arising from contingencies other than those related to normal operating business		
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those for effective hedging activities relating to normal operating business	7,043,819.47	
Reversal of provision for impairment of accounts receivable undertaken impairment test separately		
Profit or loss on offering entrusted loans	53,313,687.71	
Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value model		
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements of tax laws and accounting laws and regulations		
Custodian fees earned from entrusted operation		
Other non-operating income and expenses other than the above	-310,571,110.00	
Other profit or loss that meets the definition of non-recurring profit or loss		
Tax effects of income tax	-586,730,794.42	
Effects of minority interests	-1,155,074,706.27	
Total	3,600,197,278.68	

Non-recurring profit or loss above is calculated and disclosed according to the Securities Regulatory Commission Notice [2008] No.43 “Explanatory Notice No. 1 to Information Disclosure Guidance for Public Companies - Non-recurring Gains and losses(2008)” issued by China Securities Regulatory Commission.

The Company shall explain about the non-recurring profit or loss defined in accordance with *Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 – Non-recurring Profit and Loss* and the recurring profit or loss that was defined from non-recurring profit or loss listed in *Explanatory Announcement on Information Disclosure for Companies Offering Their Securities to the Public No.1 – Non-recurring Profit and Loss*.

Applicable N/A

2. Return on net assets and earnings per share

Applicable N/A

Profit for the reporting period	Weighted average return on net assets (%)	EPS (RMB)	
		Basic EPS	Diluted EPS
Net profit attributable to common stock holders of the Company	15.67	3.082	N/A
Net profit attributable to common stock holders of the Company after deducting non-recurring profit or loss	14.10	2.774	N/A

3. Differences between amounts prepared under foreign accounting standards and China Accounting Standards

Applicable N/A

4. Others Applicable N/A**Section XII List of Documents Available For Inspection**

List of Documents Available For Inspection	Financial statements with signatures of legal representative, chief financial officer and head of accounting department
List of Documents Available For Inspection	Auditors' report with signatures of accounting firm and certificated accountants
List of Documents Available For Inspection	Announcement and document released on paper of CSRC during reporting period

President: Mr. Chen Hong

Date of Approval by the Board: 2 April, 2019

Other revised information Applicable N/A