



**长城汽车**  
专注 专业 专家

**HAVAL**

SUV领导者

**長城汽車股份有限公司**

**GREAT WALL MOTOR COMPANY LIMITED\***

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

H Share Stock Code: 2333

A Share Stock Code: 601633



**2013**

Annual Report

## IMPORTANT NOTICE

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

II. Director(s) absent from the Board meeting

Position of the director(s) absent from the Board meeting	Name of the director(s) absent from the Board meeting	Reasons for being absent from the Board meeting	Representative
Independent director	Li Ke Qiang (Independent non-executive director)	Work commitment	He Bao Yin
Independent director	Wei Lin (Independent non-executive director)	Work commitment	Wong Chi Hung, Stanley

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

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

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

V. According to the proposal of profit distribution or capitalization of capital reserve approved by the Board, and as audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the net profit of the Company and net profit attributable to shareholders of the Company in 2013 amounted to RMB8,232,131,707.61 and RMB8,223,648,390.71 respectively. The Company proposed to declare a cash dividend of RMB2,494,786,860.00 at RMB0.82 per share (tax inclusive) for the year ended 31 December 2013. This proposal is subject to the approval by the shareholders in the 2013 annual general meeting of the Company.

VI. Risks relating to forward-looking statements

Forward-looking statements, such as plans for the future and development strategies, contained in this report do not constitute any actual commitment of the Company to investors. Investors should be aware of the relevant risks.

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

No

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

No

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# Section 1 Definitions and Reminder of Material Risks

## I. DEFINITIONS

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

Definitions for commonly used terms

“A Shares”	domestic share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Shanghai Stock Exchange and traded in Renminbi (Stock Code: 601633);
“A Shareholder(s)”	holders of A Share(s);
“Articles”	articles of association of the Company, as amended, modified or otherwise supplemented from time to time;
“ASBE”	China Accounting Standards for Business Enterprises (CASBE);
“Board”	the board of directors of the Company;
“Company” or “Great Wall Motor”	Great Wall Motor Company Limited (長城汽車股份有限公司);
“Company Law”	Company Law of the PRC;
“CSRC”	China Securities Regulatory Commission;
“Group”	Great Wall Motor Company Limited and its subsidiaries;
“H Shares”	the overseas-listed foreign share(s) with a nominal value of RMB1.00 each in the share capital of the Company which are listed on the Main Board of the Hong Kong Stock Exchange and traded in Hong Kong dollars (Stock Code: 2333);
“H Shareholder(s)”	holders of H Share(s);
“Hong Kong Listing Rules”	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited as amended from time to time;
“Hong Kong Stock Exchange”	The Stock Exchange of Hong Kong Limited;
“Model Code”	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Hong Kong Listing Rules;
“PRC”	the People’s Republic of China;
“Reporting Period” or “Current Period” or “the Year”	twelve months ended 31 December 2013;
“Securities Laws”	securities laws of the PRC;
“SFC”	The Securities and Futures Commission in Hong Kong; and
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended from time to time.

## **II. REMINDER OF MATERIAL RISKS**

This report contains the description of the possible risks related to the Company. Please refer to the “Potential Risks” under “Discussion and Analysis of the Board Concerning the Future Development of the Company” in item II of Section 6 headed “Report of the Board” of this report.

## Section 2 Corporate Profile

### I. CORPORATE INFORMATION

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

### II. CONTACT PERSONS AND CONTACT METHODS

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

### III. BASIC INFORMATION

Registered address of the Company	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC
Postal code of the registered address of the Company	071000
Office address of the Company	No. 2266 Chaoyang Road South, Baoding, Hebei Province, the PRC
Postal code of the office address of the Company	071000
Company's website	www.gwm.com.cn
E-mail address	zqb@gwm.com.cn
Principal place of business in Hong Kong	Suite 2703, 27th Floor, 100QRC, 100 Queen's Road Central, Hong Kong

### IV. INFORMATION DISCLOSURE AND PLACE OF DOCUMENT INSPECTION

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

## V. INFORMATION ON THE COMPANY'S SHARES

### Information on the Company's Shares

<b>Class</b>	<b>Stock exchanges for the listing of the Company's shares</b>	<b>Stock abbreviation</b>	<b>Stock code</b>	<b>Previous stock abbreviation</b>
A Shares	Shanghai Stock Exchange	Great Wall Motor	601633	—
H Shares	Hong Kong Stock Exchange	Great Wall Motor	2333	—

<b>Class</b>	<b>Stock exchanges for the listing of the Company's Shares</b>	<b>Listing date</b>	<b>Number of issued shares</b>	<b>Board lot</b>
A Shares	Shanghai Stock Exchange	28 September 2011	2,009,243,000 A Shares (Total shares: 3,042,423,000 shares, H Shares: 1,033,180,000 shares)	100
H Shares	Hong Kong Stock Exchange	15 December 2003	1,033,180,000 H Shares (Total shares: 3,042,423,000 shares, A Shares: 2,009,243,000 shares)	500

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

### (I) Basic information

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

### (II) Details of the initial registration of the Company

For details of the initial registration of the Company, please refer to "Other Relevant Information" in the section headed "Corporate Profile" of the 2011 annual report of the Company published on the website of Shanghai Stock Exchange (as the report was issued in respect of the Company's A shares, it was published on the website of the Hong Kong Stock Exchange in the form of overseas regulatory announcement).

## Section 2 Corporate Profile

### (III) Changes in the principal businesses since the listing of the Company

There has been no change in the principal businesses of the Company since its listing.

### (IV) Changes of controlling shareholder since the listing of the Company

Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) has been the controlling shareholder of the Company since the listing of A Shares of the Company. There has been no change since then.

## VII. OTHER RELEVANT INFORMATION

Domestic accounting firm appointed by the Company	Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP (auditor of the Company)
	Office address	30/F, 222 Yan An Road East, Huangpu District, Shanghai
	Names of the signing accountants	Tong Chuan Jiang Zhang Yi Qiang
Sponsor performing continuous supervisory duty during the Reporting Period	Name	Guotai Junan Securities Co. Ltd.
	Office address	618, Shangcheng Road, Pudong New District, Shanghai
	Names of the signing representatives of the sponsor	Shui Yao Dong Zeng Jian
	Term of continuous supervision	28 September 2011 to 31 December 2013

## VIII. OTHERS

Legal Adviser to the Company (as to Hong Kong law)	Joseph P.C. Lee & Associates in association with Cadwalader, Wickersham & Taft LLP
Legal Adviser to the Company (as to PRC law)	King & Wood Mallesons
H Share Registrar and Transfer Office in Hong Kong	Computershare Hong Kong Investor Services Limited Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Investor and Media Relations Consultant (H Shares)	Corporate Link Limited 18/F, Shun Ho Tower, Nos 24–30 Ice House Street, Central, Hong Kong



## Section 2 Corporate Profile

Principal Bankers	Agricultural Bank of China, Baoding Xinbei sub-branch Bank of China, Baoding Yuhua sub-branch The Industrial and Commercial Bank of China, Baoding Yonghua Road sub-branch China Construction Bank, Baoding Yudong office
Authorised Representatives	Ms. Wang Feng Ying Mr. Xu Hui
Financial Year-end Date	31 December
Executive Directors	Mr. Wei Jian Jun (Chairman) Mr. Liu Ping Fu Ms. Wang Feng Ying Mr. Hu Ke Gang Ms. Yang Zhi Juan
Non-Executive Directors	Mr. He Ping Mr. Niu Jun
Independent Non-Executive Directors	Ms. Wei Lin Mr. He Bao Yin Mr. Li Ke Qiang Mr. Wong Chi Hung, Stanley
Supervisor	Mr. Zhu En Ze
Independent Supervisors	Ms. Yuan Hong Li Ms. Luo Jin Li
Audit Committee	Ms. Wei Lin Mr. He Bao Yin Mr. Li Ke Qiang Mr. Wong Chi Hung, Stanley
Remuneration Committee	Ms. Wei Lin Mr. He Bao Yin Mr. Wei Jian Jun
Nomination Committee	Mr. Li Ke Qiang Mr. Wei Jian Jun Mr. He Bao Yin
Strategy Committee	Mr. Wei Jian Jun Ms. Wang Feng Ying Mr. He Ping Mr. He Bao Yin Mr. Li Ke Qiang

## Section 3 Highlights of Accounting Data and Financial Indicators

### I. KEY ACCOUNTING DATA AND FINANCIAL INDICATORS OF THE COMPANY IN THE LAST FIVE YEARS

#### (I) Key accounting data

Unit: '000'000 Currency: RMB

Key accounting data	2013	Increase/ decrease for the Reporting Period over the corresponding period		2011	2010	2009
		2012	last year (%)			
Operating revenue	56,784.31	43,159.97	31.57	30,089.48	22,986.07	12,814.60
Net profit attributable to shareholders of the Company	8,223.65	5,692.45	44.47	3,426.20	2,700.73	1,003.36
Net profit attributable to shareholders of the Company after extraordinary gains/losses	7,987.26	5,519.36	44.71	3,312.38	2,632.58	958.58
Net cash flow from operating activities	9,039.04	4,336.97	108.42	4,448.74	3,191.47	1,303.69
Total operating costs	47,168.07	36,526.36	29.13	26,105.11	20,072.61	11,977.03
Operating costs	40,537.99	31,561.50	28.44	22,593.80	17,298.38	10,225.79
Business tax and surcharges	2,057.03	1,594.77	28.99	1,052.32	811.09	425.60
Selling expenses	1,895.26	1,656.35	14.42	1,192.71	1,070.20	704.83
Administrative expenses	2,747.42	1,743.70	57.56	1,283.87	873.66	626.94
Financial expenses	-83.85	-105.33	—	-22.93	-7.82	-23.58
Impairment loss on assets	14.22	75.37	-81.14	5.34	27.09	17.46
Gains or losses from changes in fair value	-7.38	10.47	-170.47	3.13	-1.95	—
Investment income	59.18	19.32	206.25	24.36	56.27	21.21
Share of profit of associates and jointly controlled entities	11.34	2.22	411.85	11.95	42.05	21.56
Operating profit	9,668.04	6,663.40	45.09	4,011.85	2,967.78	858.78
Non-operating income	278.84	220.57	26.42	126.31	82.49	63.31
Non-operating expenses	27.15	42.94	-36.76	7.51	9.04	9.02
Losses from disposal of non-current assets	14.28	27.13	-47.35	2.52	4.16	4.93
Total profit	9,919.72	6,841.04	45.00	4,130.65	3,041.24	913.07
Income tax expenses	1,687.59	1,118.96	50.82	620.00	214.15	-139.62
Net profit	8,232.13	5,722.07	43.87	3,510.65	2,827.08	1,052.69
Profit or loss attributable to minority interests	8.48	29.62	-71.36	84.46	126.35	49.33

## Section 3 Highlights of Accounting Data and Financial Indicators

Unit: '000'000 Currency: RMB

Key accounting data	As at the end of 2013	Increase/decrease for the Reporting Period over the corresponding period last year (%)				
		As at the end of 2012	As at the end of 2011	As at the end of 2010	As at the end of 2009	
Net assets attributable to shareholders of the Company	27,995.90	21,514.24	30.13	16,737.11	10,015.15	7,592.66
Total assets	52,604.81	42,569.40	23.57	33,134.86	23,698.28	14,969.66
Total liabilities	24,596.81	20,926.03	17.54	16,113.35	13,297.97	7,131.50

### (II) Key financial data

Key financial indicators	2013	Increase/decrease for the Reporting Period over the corresponding period last year (%)				
		2012	2011	2010	2009	
Basic earnings per share (RMB/share)	2.70	1.87	44.47	1.22	0.99	0.37
Diluted earnings per share (RMB/share)	N/A	N/A	N/A	N/A	N/A	N/A
Basic earnings per share after extraordinary gains/losses (RMB/share)	2.63	1.81	44.71	1.18	0.96	0.35
Weighted average return on net assets (%)	33.41	29.88	Increased by 3.53 percentage points	27.83	30.76	14.03
Weighted average return on net assets after extraordinary gains/losses (%)	32.61	29.11	Increased by 3.50 percentage points	27.03	30.10	13.47

## Section 3 Highlights of Accounting Data and Financial Indicators

In recent years, operating results of the Company maintains steady growth attributable to the business expansion, optimization of product mix and improvement of quality of products based on customers' needs. During the Reporting Period, the results recorded significant improvement due to growth in production and sales volume and profit margin, and indicators such as the operating revenue, net profit attributable to shareholders of the Company, total assets as at the end of the Year, net profit attributable to shareholders of the Company and earnings per share also increased significantly as compared with those of the last year.

### II. ITEMS AND AMOUNT OF EXTRAORDINARY GAINS/LOSSES

Item of extraordinary gains/losses	Unit: RMB Currency: RMB		
	2013	2012	2011
Profit or loss from disposal of non-current assets	-11,824,310.90	13,163,733.99	887,124.70
Government grants accounted for in profit and loss account of the current period except for government grants closely related to the corporate business and in compliance with the State policies that were given at a fixed standard amount or quantity as stipulated by the State	210,023,578.95	122,351,085.11	62,322,811.50
Gains resulting from the deficit between the investment cost of subsidiaries, associates and jointly controlled entities and the investor's interests in the fair value of the investee's identifiable net assets	—	5,258,366.64	20,311,207.32
Non-operating gains and losses other than the above items	53,485,200.44	36,861,440.97	35,276,560.79
Investment gains from the disposal of long-term equity investments and investment gains from the disposal of held-for-trading financial assets and available-for-sale financial assets	47,834,345.40	12,080,241.10	3,105,425.80
Gains from the equity in acquiree already held before the date of acquisition and measured at fair value	—	5,026,762.03	9,297,384.94
Gains (losses) from changes in fair value	-7,381,189.40	10,473,607.26	3,131,156.00
Effect of minority interests	-831,263.02	-275,543.13	-1,209,140.93
Effect of income tax	-54,914,298.39	-31,851,608.38	-19,304,516.50
<b>Total</b>	<b>236,392,063.08</b>	<b>173,088,085.59</b>	<b>113,818,013.62</b>

### III. Projects measured at fair value

*Unit: RMB Currency: RMB*

Name of project	Balance at the beginning of the period	Balance at the end of the period	Changes in the period	Effect on profit for the period
Trading financial assets-forward exchange contracts	11,651,307.26	4,270,117.86	-7,381,189.40	-7,381,189.40
Total	11,651,307.26	4,270,117.86	-7,381,189.40	-7,381,189.40

# Section 4 Chairman's Statement





## Section 4 Chairman's Statement



To all shareholders:

I am pleased to present the audited consolidated results of the Group for the year ended 31 December 2013.

Benefiting from increased sales and higher profits driven by outstanding sales performance of SUVs, the Group achieved satisfactory growth in its operating results for the Year. Operating revenue and net profit attributable to shareholders of the Company amounted to RMB56,784,314,344.30 and RMB8,223,648,390.71 respectively, representing increases of 31.57% and 44.47% respectively from those of 2012.

During the Year, the domestic automobile industry maintained steady growth with the support of the central government in the PRC by implementing policies to provide subsidies for energy-saving vehicles, as well as gradual recovery of the global economy and the steady growth in the domestic economy. According to the statistics from China Association of Automobile Manufacturers, the PRC's automobile sales volume in 2013 remained as the world's highest for the fifth consecutive year. The production and sales volume of automobiles in the PRC grew 14.8% and 13.9% respectively to approximately 22,116,800 units and 21,984,100 units in the Year. The automobile sales volume of the Group reached 770,619 units, representing an increase of 24.01% from that of 2012, which was much higher than the growth rate of the automobile industry.

Strategically, the Group focuses on three major categories: pick-up trucks, SUVs and sedans, with an aim to maintaining competitive advantage of pick-up trucks in the market, consolidating the leading market position of SUVs, and expediting the growth of the sedan business. During the Year, the Group increased investment in key models such as Haval H6, Great Wall M4, Great Wall C30, Great Wall C50, Wingle, etc., resulting in continued steady growth in its overall sales volume. Following the launch of Haval H6, the Group is now preparing for the introduction



of two stylish SUV models with high price-performance this year — the much anticipated Haval H8 and Haval H2. Haval H8 is the Group's first super luxurious SUV model targeting the mid to high-end market after Haval has become an independent brand. On the other hand, Haval H2 provides the perfect combination of performance and fuel economy and is expected to become one of the Group's business growth drivers in 2014.

Market competition will be further intensified as domestic self-owned brands keep rolling out more new products. The Group will continue to focus on the research and development of products and technology to further improve its product quality, thereby enhancing the Company's brand image. For pick-up trucks, the Company will strengthen its dominant market position by launching new models and improving the performance of pick-up trucks.

At the same time, the spin-off of Haval from the Group's SUV category as a stand-alone brand last year signified that the product quality of Great Wall Motor has reached a new level. The Group will continue to increase investment in the research and development of SUVs and also step up its SUV marketing efforts to enlarge its market share and strengthen its leading position in the self-owned brand market.

For sedans, the Group will continue to focus on the market of class A privately owned sedans through developing new models, replacing old models and enhancing energy saving and environmental-friendly applications to expand its customer base, strengthen the competitive edge of its products and increase its market share gradually.

In addition, with the implementation of the new energy vehicle industry development plan by the central government of the PRC, as well as the constant improvement in related public ancillary facilities, the market expects the development pace of the new energy vehicle industry will accelerate. The Group will strengthen its research and development capabilities in automobiles and automotive parts and components, and will conduct research and development of new energy automobiles according to stringent product development procedures.

As the PRC continues to be under increasing pressure with respect to energy, transport and air quality, China Association of Automobile Manufacturers predicted earlier that the number of cities in the PRC introducing car purchase restrictions may increase. Meanwhile, according to some market analysis reports, the domestic automobile industry has entered a slow growth period, and there might be adjustment in the domestic automobile production and sales volume in 2014. Nonetheless, the Group will continue to optimize its product mix, improve product quality to enhance its brand image, as well as enlarge its product range. Moreover, the Group will enhance the quality and production efficiency of its automotive products through in-house research and development and the application of the advanced technology. The Group will also improve the quality of its after-sales services to increase customers' satisfaction, so as to strengthen the market dominance of its various products.

The Group will continue to uphold its management philosophy of business excellence and to improve its brand image to achieve the steady growth, and will strive to deliver better returns to its shareholders. On behalf of Great Wall Motor, the management of the Company would like to express their heartfelt thanks to all the staff, shareholders, investors and customers for their continuous support to and trust in the Group.

**Wei Jian Jun**  
*Chairman*

Baoding, Hebei Province, the PRC  
21 March 2014

# Section 5 Management Discussion and Analysis





## Section 5 Management Discussion and Analysis

### Operating Environment

Amid a stable global economic recovery during the Year, the PRC's economy also sustained a steady growth, with a 7.7% year-on-year GDP growth rate in 2013. With economic development and escalated national income level, automobile demand in the domestic industry remained strong. After experiencing a growth slowdown in 2012, the domestic automobile industry achieved a higher growth rate in 2013.

According to the statistics from China Association of Automobile Manufacturers, the PRC's 2013 automobile sales volume remained as the world's highest for the fifth consecutive year. The production and sales volume of automobiles in the PRC grew by 14.8% and 13.9% respectively to approximately 22,116,800 units and 21,984,100 units respectively in the Year.

With constant launch of new products by automobile enterprises, competition in the automobile industry will become more intense. On the other hand, further rise in consumption level driven by increasing national income will prompt automobile enterprises to keep on launching new models to meet consumer demand. In light of this, the Company will continue to upgrade and replace existing products to satisfy market demand.

### Financial Review

#### Operating Revenue

During the Year, the total revenue of the Group amounted to RMB56,784,314,344.30, representing an increase of 31.57% over 2012 (2012: RMB43,159,966,648.39). The increase in revenue was mainly due to an increase in the overall sales volume as a result of the Group's commitment to the development of high price-performance products, following closely the consumption pattern and demand of customers, and enhancing its product quality.

#### Sale of Automobiles

During the Year, the Group's revenue from sale of automobiles amounted to RMB53,796,377,928.75, representing an increase of 32.09% over 2012 (2012: RMB40,728,457,563.03). The increase was mainly due to an increase in the overall sales volume of automobiles and the proportion of sales of SUVs to the total sales of the Group. During the Year, the Group sold 770,619 units of automobiles, representing an increase of 24.01% over 2012 (2012: 621,438 units).

#### Automotive parts and components and others

In addition to the production of automobiles, the Group is also engaged in the sale of major automotive parts and components used in the production of pick-up trucks, SUVs, and sedans. These mainly include self-manufactured engines, transmissions, front and rear axles, airconditioning equipment, drag ball pins, lever assembly and other parts and components for the production of automobiles. Sale of automotive parts and components not only contributes to the Group's revenue but also ensures the availability of parts and components for after-sales services. During the Year, the Group reported a 22.88% increase in the revenue generated from the sale of automotive parts and components and others over 2012 to RMB2,987,936,415.55 in 2013 (2012: RMB2,431,509,085.36). The increase was mainly attributable to an increase in the revenue generated from sales of automotive parts and components for after-sales services, as a result of a significant growth in the sales volume of automobiles.

### Gross profit and gross profit margin

During the Year, the Group's gross profit amounted to RMB16,246,319,682.18, representing an increase of 40.07% over 2012 (2012: RMB11,598,465,280.30). The increase in the Group's gross profit was mainly due to an increase in the Group's overall sales volume and increase in the gross profit margin of automobiles. The Group's gross profit margin increased from 26.87% in 2012 to 28.61% in 2013, which was mainly due to economies of scale as a result of increased sales volume and increase in the sales proportion of SUVs, which had a higher gross profit margin.

### Net profit attributable to shareholders of the Company and earnings per share

During the Year, the Group's net profit attributable to shareholders of the Company was RMB8,223,648,390.71, representing an increase of 44.47% over 2012 (2012: RMB5,692,448,955.93). The increase was mainly due to an increase in profit driven by growth in sales.

During the Year, basic earnings per share of the Company were RMB2.70 (2012: RMB1.87). During the Year, the Company did not present any diluted earnings per share as there was no ordinary share which may cause any dilution effect.

### Selling and administrative expenses

During the Year, the selling expenses of the Group amounted to RMB1,895,262,609.80, representing an increase of 14.42% over 2012 (2012: RMB1,656,352,069.11).

The increase in selling expenses was mainly due to increases in the transportation fees and after-sales service fees as a result of an increase in sales volume. The percentage of selling expenses to operating revenue decreased from 3.84% in 2012 to 3.34% in 2013. During the Year, the administrative expenses of the Group amounted to RMB2,747,417,124.13, representing an increase of 57.56% over 2012 (2012: RMB1,743,699,625.96). The increase in administrative expenses was mainly due to an increase in technology development expenses. The percentage of administrative expenses to revenue increased from 4.04% in 2012 to 4.84% in 2013.



## Section 5 Management Discussion and Analysis

### Financial expenses

During the Year, the Group's financial expenses were RMB-83,849,943.15, as compared to RMB-105,325,665.78 for 2012. The increase in financial expenses was mainly due to a decrease in interest income from bank deposits during the Year.

### Current assets and current liabilities

As at 31 December 2013, the Group's current assets were RMB31,026,191,451.06 (31 December 2012: RMB25,847,677,215.69), mainly included cash and bank balances of RMB6,990,516,902.03, bills receivable of RMB17,548,258,868.49, accounts receivable of RMB656,312,754.79, inventories of RMB2,763,890,772.66, prepayments of RMB446,068,066.03 and other receivables of RMB2,559,193,416.74. As at 31 December 2013, the Group's current liabilities were RMB22,839,474,722.18 (31 December 2012: RMB19,319,167,273.16), mainly included advances from customers of RMB2,808,752,768.45, salaries payable of RMB1,096,561,764.67, other payables of RMB2,270,050,353.66, taxes payable of RMB527,274,939.62, bills payable of RMB4,539,529,276.71, accounts payable of RMB10,712,169,742.15, and other current liabilities of RMB633,678,296.27.

### Gearing Ratio

Gearing ratio refers to the proportion of total liabilities to the total equity in the consolidated balance sheet. As at 31 December 2013, the Group's total liabilities amounted to RMB24,596,812,087.89 (31 December 2012: RMB20,926,027,128.42) and the Group's total equity was RMB28,007,996,843.40 (31 December 2012: RMB21,643,369,408.36). As at 31 December 2013, the gearing ratio of the Group was 0.88 (31 December 2012: 0.97).

### Acquisition and disposal of assets

On 21 January 2013, the Company entered into an equity transfer agreement with Hebei Lizhong Non-ferrous Metal Group Co., Ltd. (河北立中有色金屬集團有限公司), pursuant to which the Company transferred 100% equity interest in Baoding Exquisite Auto Aluminium Alloy Manufacture Co., Ltd. (保定精工汽車鋁合金製造有限公司), a wholly owned subsidiary of the Company, to Hebei Lizhong Non-ferrous Metal Group Co., Ltd. According to the assets appraisal report "Northern Yashi Assets Appraisal Document (2013) No. 009" (北方亞事評報字 (2013) 第009號) from Beijing Northern Yashi Assets Appraisal Co., Ltd. (北京北方亞事資產評估有限責任公司), the consideration for the equity transfer was determined at RMB98,450,000. Baoding Exquisite Auto Aluminium Alloy Manufacture Co., Ltd (保定精工汽車鋁合金製造有限公司) completed the change of business licence on 30 January 2013. Upon completion of the equity transfer, the Company would concentrate on enhancing its automobile business.

On 10 May 2013, the Company entered into an equity transfer agreement with its wholly owned subsidiary Baoding Xincheng Automobile Development Company Limited (保定市信誠汽車發展有限公司). According to the agreement, Baoding Xincheng Automobile Development Company Limited (保定市信誠汽車發展有限公司) agreed to transfer to the Company 45% equity interest in Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司) held by it. According to the assets appraisal report "Jian Assets Appraisal Document (2013) No. 022" (建評報字 (2013) 第022號) from Beijing Jian He Xin Assets Appraisal Company Limited (北京建和信資產評估有限責任公司), the consideration for the equity transfer was determined at RMB23,394,600. Following the completion of the change in business licence on 13 May 2013, Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司) became a wholly owned subsidiary directly held by the Company. The completion of the equity transfer is conducive to optimising internal management structure and streamlining management.

## Section 5 Management Discussion and Analysis

On 10 May 2013, the Company issued an announcement and related circular regarding the proposed absorption and merger of Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司), Baoding Great Wall Botai Electrical Appliance Manufacturing Co., Limited (保定長城博泰電器製造有限公司) and Baoding Xincheng Automotive Development Company Limited (保定市信誠汽車發展有限公司), which were wholly-owned subsidiaries of the Company. The matter was considered and approved at the first extraordinary general meeting of the Company for 2013 on 26 June 2013, and the relevant filings were completed on 26 November 2013.

On 24 October 2013, the Company entered into an equity transfer agreement with Billion Sunny Development Limited (億新發展有限公司) (an indirect wholly-owned subsidiary of the Company) and Automart Holdings Limited (奧拓瑪控股有限公司), pursuant to which Automart Holdings Limited (奧拓瑪控股有限公司) agreed to transfer 24% equity interest in Macs (Baoding) Auto Air-Conditioning Systems Co., Limited (麥克斯(保定)汽車空調系統有限公司) to the Company and 25% equity interest in Macs (Baoding) Auto Air-Conditioning Systems Co., Limited (麥克斯(保定)汽車空調系統有限公司) to Billion Sunny Development Limited (億新發展有限公司). According to the assets appraisal report "Tian Xing Appraisal Document (2013) No. 273" (天興評報字(2013)第273號) issued by Beijing Pan-China Assets Appraisal Co., Limited (北京天健興業資產評估有限公司), the consideration for the equity transfer was determined at RMB14,648,200 and RMB15,258,500 respectively. Following the completion of the change in business licence on 31 October 2013, Macs (Baoding) Auto Air-Conditioning System Co., Limited (麥克斯(保定)汽車空調系統有限公司) became a wholly owned subsidiary of the Company.

As the aforementioned acquisitions and disposal were neither connected transactions nor notifiable transactions as defined under the Hong Kong Listing Rules, it is therefore not required to publish any announcements under Chapters 14 and 14A of the Hong Kong Listing Rules.

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

### Capital structure

The Group generally finances its operations with its internal cash flows. As at 31 December 2013, the Group had a pledged borrowing of RMB182,198,866.04 as a result of its pledging of accounts receivable.

### Exposure to foreign exchange risk

All the Group's domestic sales were settled in RMB, while sales to overseas customers were settled in US dollars or Euros. The Group had used forward foreign exchange contracts to offset the impact of exchange rate fluctuations. As such, during the Year, the Group did not experience any material difficulties in or encounter any events which have material impacts on its operations or liquidity as a result of the fluctuations in currency exchange rates.

## Section 5 Management Discussion and Analysis

### Employment, training and development

As at 31 December 2013, the Group employed a total of 64,719 employees (31 December 2012: 53,549 employees). Employees were remunerated by the Group based on their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed on a regular basis. As an incentive for employees, bonuses and cash awards may also be given to employees based on individual performance evaluation. Total staff cost accounted for 8.04% of the Group's operating revenue as at 31 December 2013 (31 December 2012: 7.10%).

### Taxation

During the Year, income tax of the Group was RMB1,687,590,073.78 (2012: RMB1,118,964,991.48).

### Segment information

For operational management purposes, the Group is organised as a single business unit focusing on the manufacture and sale of automobiles and automotive parts and components, and therefore, has no separable operating segment.

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

	For the year ended 31 December	
	2013 RMB Audited	2012 RMB Audited
China	51,942,765,547.70	36,983,022,504.42
Russia	1,646,349,835.25	1,861,077,570.11
Australia	453,788,760.85	852,424,964.15
Chile	415,683,095.50	488,113,901.75
Algeria	349,246,405.79	453,518,847.51
Iraq	265,823,657.77	516,897,604.75
Other countries	1,710,657,041.44	2,004,911,255.70
Total	56,784,314,344.30	43,159,966,648.39

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

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



## Business Review

### Products

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

During the Year, the Group's total sales volume of automobiles was 770,619 units, representing an increase of 24.01% over 2012 (2012: 621,438 units). The continued and steady growth in the Group's automobile sales volume was attributable to the strong branding effect and constant upgrade of product quality. Great Wall Motor was able to maintain its leading position in the markets of SUVs and pick-up trucks with its premium product quality, comprehensive after-sales services and sales network.

#### (1) *Pick-up trucks*

According to the statistics of the China Association of Automobile Manufacturers, Great Wall Motor's pick-up trucks continued to rank first in the PRC market in terms of sales volume of pick-up trucks for 16 consecutive years, thereby consolidating the Company's leading market position in this respect. During the Year, the sales volume of pick-up trucks was 136,132 units (2012: 136,694 units), which is basically at the same level of 2012. The Group will continue to launch new models in order to further strengthen its leading position in the pick-up truck market.

#### (2) *SUVs*

During the Year, the Group achieved outstanding performance in the domestic SUV market, with rapid growth in sales volume. In March 2013, the Group established Haval SUV as an independent brand to increase the competitive edge of this product line. Leveraging its high price-performance and good reputation, Haval H6 sustained a satisfactory sales growth momentum in the SUV market, while Great Wall Motor's M4, a stylish small SUV model, filled a gap in the small SUV's market. During the Year, the market response to SUVs was enthusiastic which facilitated the Group's SUV product line to maintain its leading position in the domestic SUV market. During the Year, the sales volume of SUVs amounted to 420,302 units, representing an increase of 50.13% over 2012 (2012: 279,956 units).

#### (3) *Sedans*

During the Year, the sales volume of Great Wall Motor's sedans reached 205,451 units, representing an increase of 3.11% over 2012 (2012: 199,256 units). The sales volume of Great Wall C30 model reached 125,849 units during the Year, while sales of Great Wall C50 gradually increased, with 68,798 units sold during the Year. As the Group continues to step up its efforts to enhance the quality of its sedans, thereby gradually enlarging Great Wall Motor's market share for sedans.

#### (4) *Other vehicles*

During the Year, the Group sold a total of 8,734 units of other vehicles (including MPVs and special vehicles), representing an increase of 57.88% over 2012 (2012: 5,532 units).

## Section 5 Management Discussion and Analysis

### (5) *Automotive parts and components and others*

During the Year, the revenue generated from the sale of automotive parts and components and others amounted to RMB2,987,936,415.55, representing an increase of 22.88% over 2012 (2012: RMB2,431,509,085.36) and accounting for 5.26% of the Group's total operating revenue.

### **Domestic market**

With the idea of “new form of urbanisation” first mentioned at the 18th National Congress of the Communist Party of China at the end of last year, it is expected that purchasing power in more domestic rural villages will unleash, thereby further fuelling domestic economic development and internal demand. The automobile industry, among others, will benefit from this. In fact, since the beginning of this year, the relevant policies have begun to stimulate the development of the domestic automobile industry. During the Year, the Group continued to expand its markets and improved the price-performance of its products to adapt to market environment and to meet consumer demand.

During the Year, the Group's domestic sales volume and revenue generated from the sale of automobiles amounted to 695,677 units and RMB49,169,331,537.37 respectively, representing an increase of 32.27% and 41.18% over 2012 respectively (2012: 525,949 units and RMB34,827,828,629.98 respectively). During the Year, 104,658 units, 387,887 units and 194,404 units of pick-up trucks, SUVs and sedans were sold domestically respectively.

In addition, according to market data, the Group had a higher growth rate in automobile sales than that of the PRC's automobile industry during the Year, reflecting the market's confidence in the Group's brand.

### **Overseas markets**

In 2013, export of automobiles from the PRC was under pressure amid severe competition in overseas markets, as well as the depreciation of Japanese yen and Korean won. During the Year, the Group accelerated product technology innovation, and continued to develop new products while improving product quality to help drive overseas sales.

During the Year, the Group's export sales volume of automobiles was 74,942 units, representing a decrease of 21.52% from 2012 (2012: 95,489 units). Of the total export volume, 31,474 units, 32,415 units and 11,047 units of pick-up trucks, SUVs and sedans respectively were sold. The total export value of automobiles amounted to RMB4,627,046,391.38, representing a decrease of 21.58% from 2012 (2012: RMB5,900,628,933.05) and accounting for 8.15% of the Group's operating revenue.

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

### **Launch of new products**

During the Year, the Group launched an upgraded version and a sports version of Haval H6, which further boosted sales growth of SUVs. The Group also launched the 2013 Great Wall C30 model during the Year, with exterior and accessories upgrades, which further boosted sedan sales.

At the Shanghai International Automobile Industry Exhibition held in April 2013, the Group showcased models such as Haval H8, Haval H7, Haval H6 (sports version), Haval H5 (redesigned model), and Haval H2 etc.. The Haval H8, targeting the high-end consumer market, is equipped with simulated wood and electroplated trims, and advanced equipment such as anti-collision radar and engine start-button. Haval H7 is equipped with a touch-screen panel of dashboard and a new-generation electric-gasoline hybrid power system. Haval H2, on the other hand, is a compact SUV. On display, there was also a new zero-emission electric car model – Kulla.

In order to further enhance the sales of sedans, the Group officially launched the New Horizons Great Wall C30 in October 2013. This model is an upgrade of 2013 version of Great Wall C30, with upgraded exterior design, interior decoration and accessories. This model has brand new interior decoration, stylish and young exterior design, as well as accessories with more practical functions, which make the model more trendy. To satisfy more customer demand, the New Horizons version is for sale with other 2013 models after its launch.

During the Year, the Group also launched Wingle 5 European version, which further enriched the pick-up truck product line.

### Technology Innovation

In the past few years, Great Wall Motor is actively involved in research and development of technology. Now, the Group has reached international first-class standards in respect of testing, prototype making, design and engine. The Group's new technology centre is expected to commence operations at the end of 2014. The new technology centre consists of different departments, including design centre, prototype workshop and testing centre. Various researches can be conducted in the new technology centre, such as preliminary research, exterior design, concept design, as well as virtual car design for the entire product lines of pick-up trucks, SUVs and sedans.

### Outlook

The PRC's and global macro-economic outlook is rather uncertain this year. The market is worried about the prospect of the PRC's economic growth. In light of this, the Group will maintain a sound financial position, adopt prudent development strategies, and continue to implement lean management. In addition, the Group will remain focused on the improvement in product quality and technology, and the development of major overseas markets.

According to some market analysis, the domestic automobile industry has entered a slow growth period, and there might be adjustments in the domestic automobile production and sales volume in 2014. The Group will continue to bolster its brand recognition through refinement of its product structure. It will also improve its product performance and launch more new car models. Moreover, through its in-house research and development and application of advanced technologies, the Group will improve both the quality of its automotive products and its production efficiency, and will also launch automotive products with high price-performance. The Group will keep striving to enhance the quality of its after-sales services and the customer satisfaction, as well as to strengthen the impact of its automotive products in the market.

The Group will continue to adopt product specialisation strategy. In view of the strong demand for SUVs in the PRC, the Group will further enhance the competitive edge of its SUV brand and product line through constant upgrade and replacement of existing products after the launch of Haval as a stand-alone brand. The Group plans to increase the use of automation to improve its overall production efficiency. At the same time, the Group will increase its

## Section 5 Management Discussion and Analysis

investment in in-house product research and development, keep enhancing the research capacity for automobiles and automotive parts and components, and keep perfecting the core automotive parts and components, thereby the performance of its automobiles can be improved in all aspects. In addition, under the guidance of the PRC's industrial policy, the Group will strive to develop automobiles which are energy-saving, environmental-friendly, high-quality and high-performance and to develop the parts and components of such automobiles.

In addition, the Group will strengthen its technical cooperation with world-renowned enterprises which manufacture automotive parts and components so as to ensure greater improvement in the quality of all of its car models. The Group will strive to become an automobile manufacturer with global recognition. Meanwhile, the Group will continue to focus on improving its technology, research and development and innovation capabilities. The Group aims to achieve world-class production and management through its professional management team and talented workforce. The Group will also improve its product innovation and price-performance, further strengthen its after-sales services, and optimise its research and development system, with an aim to lift the Group's overall competitiveness.

### **New products**

With respect to the future development of new products, Great Wall Motor will continue to adopt product specialisation strategy. The Group expects to launch more car models under the Haval brand in 2014, including Haval H8 and Haval H2. Haval H8, the Company's first SUV model priced over RMB200,000, is installed with 2.0L direct injection engine and six-speed auto transmission. In addition, the Group will also launch new models of Great Wall C50, and 2014 version of Great Wall M4 etc..

With respect to pick-up trucks, the Group will continue to develop new products and improve product performance, so as to maintain its dominant market share in the pick-up truck sector.

The Group is committed to further increasing its investment in the research and development of SUVs, facilitating further segmentation of the SUV market and introducing more car models. The Group expects that there is still considerable room for the development of SUVs in the domestic market. As such, it will continue to expand its market share and enhance its brand image. Moreover, since Haval has recently been made as a stand-alone brand, the Group is still fine-tuning the sales network and scale of marketing for the brand. The separation of the sales network for Haval is under its way as scheduled.

With respect to sedans, the Group will broaden its customer base, enhance the products' market competitiveness, and gradually enlarge its market share through the launch of new products, upgrade of car models, and greater application of energy saving and environmental-friendly technology under the guidance of the PRC's policy to promote energy-saving products. In respect of development of car models, the Group will continue to upgrade and replace its products based on its existing product platform.

### **Export markets**

The Group has established its business in a certain scale in overseas markets, with its products sold to over 100 countries and regions around the world. With the improvement in the product quality of domestic automobile brands and enhancement of the Group's image and reputation in overseas markets, Great Wall Motor expects that its

export volume will rise gradually. The Group is considering developing more overseas markets with potential, and strive to increase the percentage of its revenue from export to its operating revenue. With continuous expansion of its overseas markets, the Group is conducting a study on increasing overseas sales through the establishment of overseas assembly plants.

The Group will continue to step up its efforts to develop the international market. In addition to continued expansion of the export volume of automobiles, the Group will also keep increasing the export volume of complete knock-down (CKD) kits and semi-knocked down (SKD) kits. The Group will further enhance its brand value and consolidate its position in overseas markets through a comprehensive after-sales service network.

### **New facilities**

The second phase of the Group's production base for automobiles and automotive parts and components in the Tianjin Economic-Technological Development Area has commenced operation in July 2013, thereby further increasing the Group's production capacity and scale. The new facilities and advanced equipment lay down a solid foundation for the Group's future research and development of new car models and production expansion.

In addition, the Group's new plant in Xushui, Baoding is under construction. Except for certain testing grounds and the factories for producing automotive parts and components, the construction of the plant has been completed basically and is ready for the production of automobiles. In future, Great Wall Motor's high-end car models will be produced and tested at Xushui plant. It is expected that Haval H8, Haval H7 and subsequent products will be produced at the Xushui plant. The commencement of operation of Xushui plant will further lift the Group's production capacity and scale, laying down a foundation for the launch of subsequent new products and the expansion of its markets.

### **Preferential enterprise income tax rate for high-tech enterprises**

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

## Section 6 Report of the Board

### I. Directors' Discussion and Analysis of the Operation of the Company during the Reporting Period

#### (I) Analysis of Principal Business

The Group is principally engaged in the design, research and development, manufacture and sale as well as distribution of SUVs, sedans, pick-up trucks and automobile-related parts and components. There has not been any significant change to the nature of the Group's principal business during the Year.

The subsidiaries of the Company established in the PRC during the year ended 31 December 2013 or in previous years are limited companies.

#### 1. Analysis of changes in certain items in income statement and cash flow statement

Unit: RMB Currency: RMB

Item	For the Reporting Period	For the corresponding period last year	Changes (%)	2011	2010	2009
Operating revenue	56,784,314,344.30	43,159,966,648.39	31.57	30,089,476,665.00	22,986,072,045.16	12,814,600,837.67
Operating costs	40,537,994,662.12	31,561,501,368.09	28.44	22,593,797,877.09	17,298,380,820.08	10,225,785,025.60
Selling expenses	1,895,262,609.80	1,656,352,069.11	14.42	1,192,712,451.22	1,070,202,611.99	704,829,896.31
Administrative expenses	2,747,417,124.13	1,743,699,625.96	57.56	1,283,873,003.63	873,663,826.10	626,939,568.29
Financial expenses	-83,849,943.15	-105,325,665.78	-20.39	-22,934,689.66	-7,819,677.50	-23,578,536.50
Cash flows from operating activities	9,039,043,397.56	4,336,970,802.21	108.42	4,448,742,617.37	3,191,471,980.18	1,303,689,044.45
Cash flows from investing activities	-6,696,353,291.18	-3,936,137,742.94	70.12	-3,491,001,464.81	-2,307,469,987.39	-676,810,914.16
Cash flows from financing activities	-2,404,718,214.67	-1,103,872,557.05	117.84	3,282,772,537.64	-1,212,260,287.94	34,481,919.50
Research and Development expenses	1,692,880,148.50	956,565,066.15	76.97	635,409,230.98	447,388,207.32	335,151,999.04

#### 2. Revenue

##### (1) Analysis of factors causing changes in business revenue

It was mainly due to an increase in overall sales as the Group strived to produce high price performance products based on customers' demand and enhance its products quality.

(2) *Analysis of factors influencing revenue from physical product sales*

During the Year, the Group's revenue from sale of automobiles amounted to RMB53,796,377,928.75, representing an increase of 32.09% over 2012. The increase was mainly due to an increase in the overall sales volume of automobiles and the proportion of sales of SUVs to the total sales of the Group. During the Year, the Group sold 770,619 units of automobiles, representing an increase of 24.01% over 2012.

In addition to the production of automobiles, the Group is also engaged in the sale of major automotive parts and components used in the production of pick-up trucks, SUVs, and sedans. These mainly include self-manufactured engines, transmissions, front and rear axles, air-conditioning equipment, drag ball pins, lever assembly and other parts and components for the production of automobiles. Sale of automotive parts and components not only contributes to the Group's revenue but also ensures the availability of parts and components for after-sales services. During the Year, the Group reported a 22.88% increase in the revenue generated from the sale of automotive parts and components and others over 2012 to RMB2,987,936,415.55 in 2013. The increase was mainly attributable to an increase in the revenue generated from sales of automotive parts and components for after-sales services, as a result of a significant growth in the sales volume of automobiles.

(3) *Major customers*

*Unit: RMB Currency: RMB*

<b>Name of customer</b>	<b>Operating revenue</b>	<b>Percentage of the total operating revenue of the Company (%)</b>
Customer 1	1,587,050,124.05	2.79
Customer 2	1,346,541,985.55	2.37
Customer 3	1,094,779,456.98	1.93
Customer 4	1,084,051,412.55	1.91
Customer 5	1,016,783,764.16	1.79
Total	6,129,206,743.29	10.79

During the Year, the Group's five largest customers accounted for less than 30% of the Group's annual total sales. The directors did not consider that any customer had significant influence on the Group.

None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's issued share capital) were interested in the major customers mentioned above.

## Section 6 Report of the Board

### 3. Cost

#### (i) Cost analysis

Unit: RMB

##### By industries

Industry	Cost item	Amount of the Current Period	Proportion to total costs of the Current Period (%)	Amount of the corresponding period last year	Proportion to total costs of the corresponding period last year (%)	Changes in the amount of the current period over the corresponding period last year (%)
Automobile industry	Raw materials, wages and salaries, depreciation and energy etc.	40,329,600,319.04	99.49	31,223,028,091.53	98.93	29.17

##### By products

Product	Cost item	Amount of the Current Period	Proportion to total costs of the Current Period (%)	Amount of the corresponding period last year	Proportion to total costs of the corresponding period last year (%)	Changes in the amount of the current period over the corresponding period last year (%)
Automobiles	Raw materials, wages and salaries, depreciation and energy etc.	38,233,033,069.57	94.31	29,657,839,270.62	93.97	28.91
Automotive parts and components	Raw materials, wages and salaries, depreciation and energy etc.	1,567,954,450.67	3.87	1,006,242,159.12	3.19	55.82
Moulds and others	Raw materials, wages and salaries, depreciation and energy etc.	419,768,056.70	1.04	468,710,310.53	1.49	-10.44
Services	Toll, fuel costs, travelling costs, and wages and salaries etc.	108,844,742.10	0.27	90,236,351.26	0.28	20.62



## (2) Major suppliers

Name of supplier	Purchases	Unit: RMB	Currency: RMB
		Proportion to total purchases of the Year (%)	
Supplier 1	1,150,587,490.39		2.53
Supplier 2	752,219,461.80		1.65
Supplier 3	743,442,361.73		1.63
Supplier 4	725,945,342.92		1.59
Supplier 5	707,676,285.13		1.55
Total	4,079,870,941.97		8.95

During the Year, the Group's five largest suppliers accounted for less than 30% of the Group's annual total purchases. The directors did not consider that any supplier had significant influence on the Group.

None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's issued share capital) were interested in the major suppliers mentioned above.

## 4. Expenses

Items	2013	2012	Change (%)	Unit: RMB	Currency: RMB
				Reasons	
Administrative expenses	2,747,417,124.13	1,743,699,625.96	57.56	Mainly due to the increase in technology development expenditures	
Income tax expenses	1,687,590,073.78	1,118,964,991.48	50.82	Mainly due to the increase of sales and profit margin resulting in the increase in taxable income	

## 5. Research and development expenses

## (1) Statement of research and development expenses

	Unit: RMB
Research and development expenses for the current period	1,692,880,148.50
Total research and development expenses	1,692,880,148.50
Percentage of total research and development expenses over net asset (%)	6.04
Percentage of total research and development expenses over operating revenue (%)	2.98

## (2) Description

The increase in research and development expenses for the Current Period was primarily due to the increase in research input.

## Section 6 Report of the Board

### 6. Cash flow

*Unit: RMB Currency: RMB*

Items	2013	2012	Change (%)	Reasons
Net cash flows from operating activities	9,039,043,397.56	4,336,970,802.21	108.42	Mainly due to the increase in cash and bank accepted bills resulting from the increase in the total sales
Net cash flows from investing activities	-6,696,353,291.18	-3,936,137,742.94	70.12	Mainly due to the increase in investments in land, plants and equipments as the Group established and expanded its production lines
Net cash flow from financing activities	-2,404,718,214.67	-1,103,872,557.05	117.84	Mainly due to the increase in dividends payment of the Group and investments in subsidiaries

### 7. Others

(1) *Analysis and description of the progress of various types of financing and major asset reorganization of the Company previously*

In 2011, the Company issued 304,243,000 RMB-denominated ordinary shares (A Shares) and raised proceeds of approximately RMB3.955 billion in total. Such proceeds were mainly used in seven projects, namely “GW4D20 diesel engine project with annual production of 100,000 sets”, “EG engine project with annual production of 300,000 sets”, “six-speed manual transmission project with annual production of 200,000 sets”, “aluminium alloy casting project with annual production of 400,000 sets”, “axles and brakes project with annual production of 400,000 sets”, “interior and exterior decoration project with annual production of 400,000 sets” and “automotive lighting project with annual production of 400,000 sets”. For details of the progress of the above seven projects, please refer to “Use of proceeds” under the item “Analysis of investments” in this section.

(2) *Implementation of development strategies and business plans*

During the Reporting Period, the Company has strictly implemented the “12th 5-year strategic plan” which was discussed by the Strategy Committee, the Board and the management and launched at the beginning of 2012. Meanwhile, the annual business plan adopted by the Company at the beginning of the Year has been implemented during the Year.

**(II) Operation analysis by industries, products and regions****1. Major businesses by industries and products***Unit: RMB Currency: RMB*

Major businesses by industries						
Industry	Operating revenue	Operating costs	Gross profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
Automobile industry	56,470,444,146.29	40,329,600,319.04	28.58	32.24	29.17	Increased by 1.70 percentage points
Major businesses by products						
Product	Operating revenue	Operating costs	Gross profit margin (%)	Increase/decrease in operating revenue over last year (%)	Increase/decrease in operating costs over last year (%)	Increase/decrease in gross profit margin over last year (%)
Automobiles	53,796,377,928.75	38,233,033,069.57	28.93	32.09	28.91	Increased by 1.75 percentage points
Automotive parts and components	2,038,790,325.13	1,567,954,450.67	23.09	53.47	55.82	Decreased by 1.17 percentage points
Moulds and others	512,843,412.33	419,768,056.70	18.15	-6.16	-10.44	Increased by 3.92 percentage points
Services	122,432,480.08	108,844,742.10	11.10	23.56	20.62	Increased by 2.16 percentage points

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

## Section 6 Report of the Board

### 2. Principal business by regions

Unit: RMB Currency: RMB

Region	Changes in the operating revenue this year over last year	
	Operating revenue	(%)
Domestic	51,684,490,000.64	40.92
Overseas	4,785,954,145.65	-20.59

The Company sells its products both domestically and overseas, and operates its business primarily in the Mainland China.

### (III) Analysis of assets and liabilities

#### 1. Statement of assets and liabilities analysis

Unit: RMB

Item	Amount as at the end of the Current Period		Proportion to total assets (%)		Amount as at the end of last year	Proportion to total assets (%)	Changes in the amount as at the end of the Current Period over last year (%)	2011	2010	2009
	Amount	Proportion	Amount	Proportion						
Held-for-trading financial assets	4,270,117.86	0.01	11,651,307.26	0.03	-63.35	1,177,700.00	—	—		
Other receivables	2,559,193,416.74	4.86	854,389,669.52	2.01	199.53	650,401,167.30	1,202,085,647.41	24,081,349.48		
Fixed assets	14,656,928,574.88	27.86	9,019,119,819.20	21.19	62.51	7,392,381,087.28	5,360,201,657.00	4,182,730,551.11		
Long-term prepaid expenses	27,678,336.76	0.05	17,486,693.00	0.04	58.28	18,267,919.84	2,117,674.58	797,475.56		
Salaries payable	1,096,561,764.67	2.08	736,035,068.04	1.73	48.98	501,866,128.29	341,030,164.24	176,478,060.20		
Other payables	2,270,050,353.66	4.32	1,219,640,824.99	2.87	86.12	852,932,381.01	411,995,761.91	449,885,604.65		
Non-current liabilities due within one year	69,258,714.61	0.13	51,704,662.45	0.12	33.95	26,458,955.67	25,783,399.52	22,865,979.42		
Minority interests	12,098,824.67	0.02	129,125,415.53	0.30	-90.63	284,395,390.98	385,158,039.83	245,497,026.23		

Analysis:

Held-for-trading financial assets: mainly due to the decrease in fair value of forward foreign exchange contracts.

Other receivables: mainly due to the increase in performance bonds in the period

Fixed assets: mainly due to the reclassification of the Phrase I of Xushui automobiles and automotive parts project and Phrase II of Tianjin automobiles and automotive parts project to fixed assets upon their completion

Long-term prepaid expenses: mainly due to the expenses for property renovation of the Group

Salaries payable: mainly due to the increase in the number of employees and salary and bonus during the year

Other payables: mainly due to the increase in payables for construction and equipment resulting from the increase in investment for the acquisition of long-term assets

Non-current liabilities due within one year: mainly due to the increase in government subsidies related to assets which shall be amortized within one year

Minority interests: mainly due to the acquisition of minority interests in Macs during the period

**(IV) Analysis of the core competitiveness**

In spite of the fierce market competition, Great Wall Motor maintains its leading position in the market segments where it operates, which is mainly attributable to the following key factors: 1. highly-recognized corporate culture; 2. excellent management and leadership; 3. strengthening corporate culture of producing products of good quality by continuously improving product quality; 4. outstanding production management standards; 5. sound sales and service system; 6. vertical integration of supply chain; 7. good brand image, trustworthy quality and dominant market position. With the development strategies of “focusing on three major products and enhancing brand values by leveraging on its quality products”, Great Wall Motor has strengthened its leading position in the market segments and established a solid foundation for the overseas expansion of “Chinese Great Wall automobile”.

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

*Unit: RMB10,000*

Investment during the Reporting Period	37,369.1227
Changes in investment	-10,638.2573
Investment during the corresponding period last year	48,007.38
Increase/decrease in investment (%)	-22.16%

Name of investee	Major business	Percentage of shareholding in the investee
Xushui Clean Heat Supplying Company Limited (徐水縣科林供熱有限公司)	Production and supply of heat, installation of heat supply system, maintenance of facilities, (operating activities will only be allowed upon obtaining qualification certificates) design of heat supply system and selling of ashes.	100%
Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司)	Design and development of car seat slide way and frame and leasing of its own properties.	100%
Nuobo Rubber Production Company Limited (諾博橡膠製品有限公司)	Design, manufacture and sale of rubber parts, rubber tubes, boards and belts, automotive parts and components and rubber moulds, and provision of after-sales service; import and export of goods for the company itself or acting as an agent, excluding export of those goods which must be exported by the national bodies in the PRC and which must be imported by the companies approved by the PRC government.	100%

## Section 6 Report of the Board

Name of investee	Major business	Percentage of shareholding in the investee
Tianjin Boxin Automobile Parts Company Limited (天津博信汽車零部件有限公司)	Production, sale of automotive parts and components and provision of after-sales service; development and design of automotive parts and components; import and export of goods and technologies for the company itself and acting as an agent. Business subject to national regulations on exclusive operations and exclusive projects will be conducted in accordance with the relevant regulations.	100%
Baoding Great Wall Automotive Rental Co., Ltd. (保定市長城汽車出租有限公司)	Passenger car rental (only in Baoding, subject to the area specified by Ji Zheng Han (1998) No. 97 document) (road transport license valid until 22 March 2017), automobile rental and sale of second-hand automobiles. (Operations that require pre-approvals according to laws and administrative regulations and as prescribed by the State Council can only be conducted after obtaining approvals)	100%
Macs (Baoding) Auto A/C System Co., Ltd. (麥克斯(保定)汽車空調系統有限公司)	Production of automobile air-conditioning systems as well as automotive parts and components; mould processing and manufacturing; sale of the company's products and provision of after-sales service, storage service (excluding dangerous and forbidden goods) and technical service; import and export of goods and technologies (excluding those prohibited or restricted by the government and not for distribution).	100%
Haval Motors Australia Pty Ltd (哈弗汽車澳大利亞有限公司)	Import and export as well as sale and distribution of automobiles; sale of components and provision of after-sales service.	100%

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

### (1) Entrusted wealth management

There was no entrusted wealth management of the Company during the Year.

### (2) Entrusted loans

There were no entrusted loans of the Company during the Year.

## 3. Use of proceeds

### (1) Use of proceeds

Year	Method	Total proceeds	Amount used in the Year	Accumulated amount of proceeds used	Unit: RMB	Currency: RMB
					Total amount of the remaining proceeds	Use and application of the remaining proceeds
2011	Initial offering	3,955,159,000.00	751,774,391.18	3,672,695,203.53	278,766,170.40	Remaining proceeds as at 31 December 2013 amounted to RMB278,766,200, including interest income from deposits of RMB57,089,100
Total	/	3,955,159,000.00	751,774,391.18	3,672,695,203.53	278,766,170.40	/

As at 31 December 2013, the total amount of proceeds used was RMB3,672,695,200, including RMB2,920,920,800 used in or before 2012, and RMB751,774,400 used in 2013.

## Section 6 Report of the Board

### (2) Use of proceeds for capital commitment

Unit: RMB Currency: RMB

Capital commitment project	Are there any Changes?	Proposed amount of investment from proceeds	Amount of proceeds invested in the Year	Accumulated amount of proceeds invested	Is the project on schedule?	Progress of the project	Estimated revenue	Revenue generated	Has revenue reached estimated level?	Explanation for project behind schedule and revenue below estimated level	Reasons and procedures for changes in the use of proceeds
GW4D20 diesel engine project with annual production of 100,000 sets	No	411,900,000.00	81,837,439.40	411,900,000.00	Yes	100.00%	—	39,559,820.39	—	—	—
EG engine project with annual production of 300,000 sets	No	568,000,000.00	165,140,117.59	509,864,376.52	Yes	89.76%	—	193,393,346.61	—	—	—
Six-speed manual transmission project with annual production of 200,000 sets	No	503,393,100.00	112,157,563.38	446,675,225.28	Yes	88.73%	—	51,507,241.42	—	—	—
Aluminium alloy casting project with annual production of 400,000 sets	No	344,299,600.00	69,495,343.97	294,501,280.95	Yes	85.54%	—	76,137,935.03	—	—	—
Axles and brakes project with annual production of 400,000 sets	No	571,657,000.00	176,424,854.67	565,951,631.90	Yes	99.00%	—	99,148,341.60	—	—	—
Interior and exterior decoration project with annual production of 400,000 sets	No	580,771,300.00	114,393,629.76	561,877,894.56	Yes	96.75%	—	285,696,757.59	—	—	—
Automotive lighting project with annual production of 400,000 sets	No	185,843,000.00	32,325,442.41	153,416,494.32	Yes	82.55%	—	35,665,127.39	—	—	—
Total	/	3,165,864,000.00	751,774,391.18	2,944,186,903.53	/	/	/	/	/	/	/



#### 4. Major subsidiaries and investees

##### (1) Major subsidiaries

*Unit: RMB Currency: RMB*

Full name of subsidiaries	Business nature	Registered capital	Proportion of shareholding (%)	Proportion of voting rights (%)	Total assets as at the end of the Year	Total net assets as at the end of the Year	Net profit from January to December 2013
Tianjin Boxin Automotive Parts Company Limited (天津博信汽車零部件有限公司)	Manufacturing of automotive parts and components	1,890,000,000.00	100	100	4,284,567,083.15	2,779,834,832.95	855,992,988.85
Baoding Great Wall Huabei Automotive Company Limited (保定長城華北汽車有限責任公司)	Manufacturing of automotive parts and components	177,550,000.00	100	100	2,390,632,227.54	487,400,479.39	226,619,373.86
Baoding Great Wall Auto Sales Company Limited (保定長城汽車銷售有限公司)	Marketing and sale of automobiles	8,000,000.00	100	100	3,661,076,864.06	211,138,985.55	154,514,534.07
Baoding Xincheng Automobile Development Company Limited (保定市信誠汽車發展有限公司) (note 1)	Manufacturing of automotive parts and components	69,210,000.00	—	—	—	—	115,198,186.23
Great Wall Baoding Internal Combustion Engine Manufacturing Company Limited (保定長城內燃機製造有限公司)	Manufacturing of automotive parts and components	452,716,300.00	100	100	1,295,985,635.25	630,614,748.94	105,862,726.60
Great Wall Baoding Vehicle Axles Company Limited (保定長城汽車橋業有限公司)	Manufacturing of automotive parts and components	282,720,000.00	100	100	1,137,455,482.56	487,435,459.28	98,557,382.31
Baoding Nuobo Rubber Production Co., Ltd. (保定市諾博橡膠製品有限公司)	Manufacturing of automotive parts and components	72,240,000.00	100	100	452,643,977.68	366,103,770.30	68,057,179.28
Tianjin Great Wall Lean Automotive Parts Company Limited (天津長城精益汽車零部件有限公司)	Manufacturing of automotive parts and components	140,000,000.00	100	100	638,179,168.29	289,644,121.29	67,594,043.08
Baoding Great Machinery Company Limited (保定市格瑞機械有限公司)	Manufacturing of automotive parts and components	23,000,000.00	100	100	180,164,618.53	126,859,435.08	45,200,632.90
Baoding Mind Auto Component Co., Ltd. (保定曼德汽車配件有限公司)	Manufacturing of automotive parts and components	600,000.00	100	100	306,569,331.19	97,906,311.61	44,306,812.67

Note 1: The Company absorbed and merged Baoding Xincheng Automobile Development Company Limited in October 2013. After the absorption and merger, Baoding Xincheng Automobile Development Company Limited was deregistered.

##### (2) Disposal of subsidiaries during the Year

Based on the needs of its development, Baoding Exquisite Auto Aluminium Alloy Manufacture Co., Ltd. (保定精工汽車鋁合金製造有限公司) was disposed by the Company, and it was not longer consolidated into the Group from February 2013.

*Unit: RMB Currency: RMB*

Name	Net assets as of the date of disposal	Net profit from the beginning of the period to the date of disposal
Baoding Exquisite Auto Aluminium Alloy Manufacture Co., Ltd. (保定精工汽車鋁合金製造有限公司)	87,477,389.12	4,579,158.92

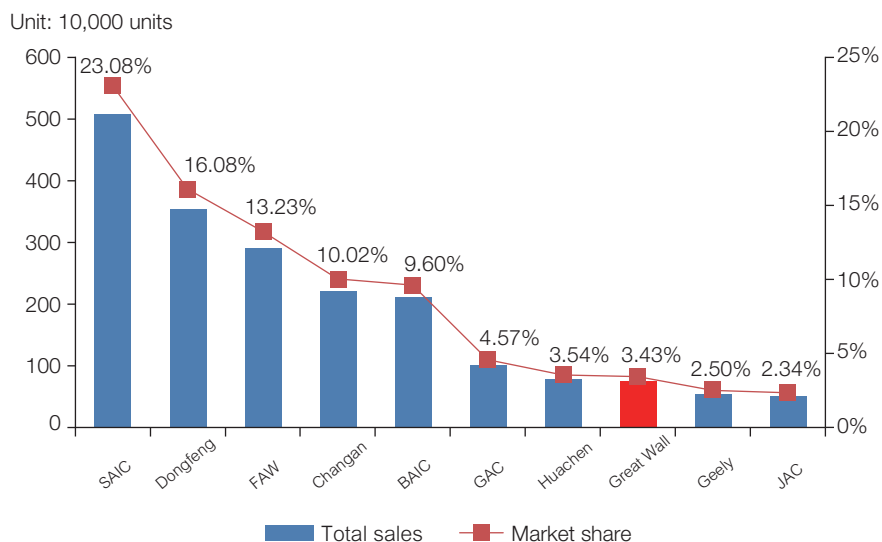
**5. Non-fund raising projects***Unit: 0'000 Currency: RMB*

<b>Project</b>	<b>Total amount of investments</b>	<b>Progress</b>	<b>Amount invested during the Year</b>	<b>Accumulated amount invested</b>	<b>Revenue</b>
Phase II of Construction Project of Tianjin Production Base for Great Wall Motor Passenger Vehicles	238,941.97	71.83%	53,930.15	171,641.39	Approximately RMB100,000,000
Construction Project of Great Wall Motor Technology Centre	206,335.57	23.19%	37,637.78	47,843.67	No revenue has been generated as the project is under construction
Construction Project of Xushui Production Base for Great Wall Motor Passenger Vehicles	408,880.00	56.90%	51,956.37	232,657.80	No revenue has been generated as the project is under construction
<b>Total</b>	<b>854,157.54</b>	<b>—</b>	<b>143,524.30</b>	<b>452,142.86</b>	

**II. Discussion and Analysis of the Board Concerning the Future Development of the Company****(1) Competition and development trend of the industry**

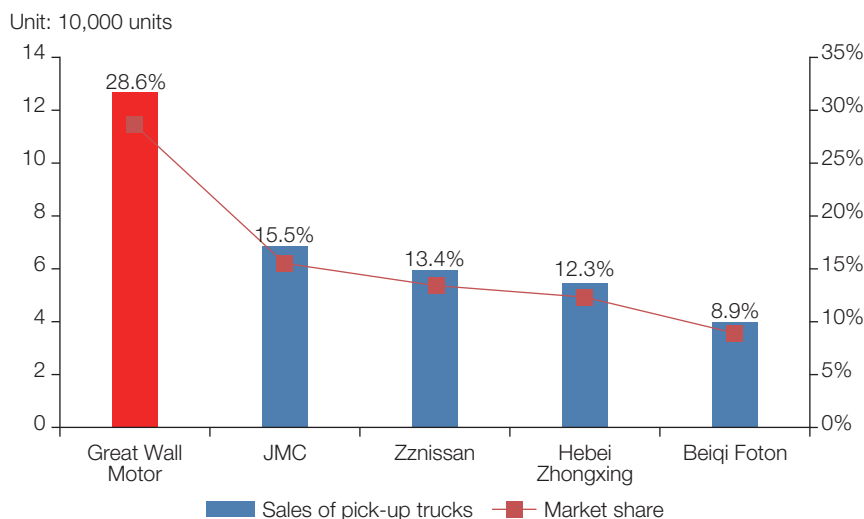
As a result of the continuous economic growth in the PRC, demand for various automotive products from Chinese consumers increased significantly. The growth of production and sales of automobiles in 2013 exceeded the expectation of the automobile industry, ranking the top in the world for five consecutive years.

According to China Association of Automobile Manufacturers, in 2013, the production and sales of automobiles in the PRC reached 22,116,800 units and 21,984,100 units respectively, representing an increase of 14.8% and 13.9% as compared to those in last year respectively. The growth rate increased by 10.2 percentage points and 9.6 percentage points as compared to those in last year respectively. The top ten automobiles enterprises in terms of sales are as follows:



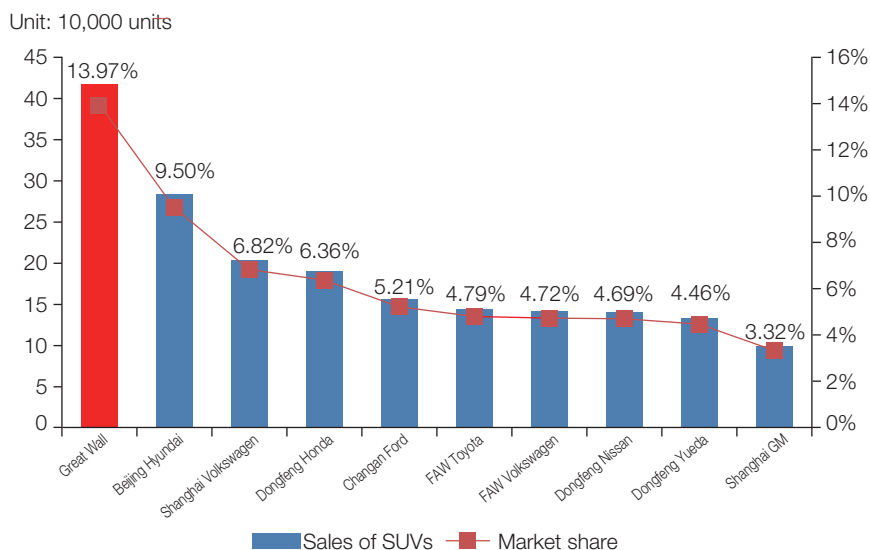
Great Wall Motor focuses on three types of automobiles, namely, pick-up trucks, SUVs and sedans. The diagram below shows the ranking of pick-up trucks, SUVs and sedans in terms of sales.

In respect of the pick-up trucks market, the Group has maintained its number one position in terms of sales of pick-up trucks in the PRC market for consecutive 16 years, reflecting its significant advantages and solid market position. The Group will continue to develop more new models targeting at the mid to high end market and introduce distinctive products to satisfy demand from customers in different segments, so as to enlarge its overall market share and further consolidate the leading market position of its “Wingle” pick-up trucks.

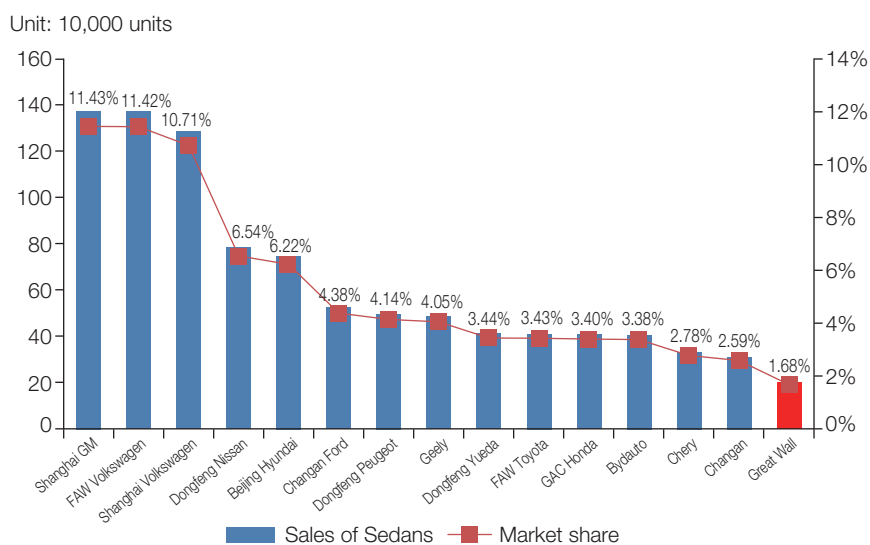


## Section 6 Report of the Board

In respect of the SUVs market, as a result of the introduction of the upgraded version and sport version of Haval H6 in the Year, the sales recorded a rapid growth and the SUV models of the Group maintained a leading position in the domestic SUV market. With the efforts in the promotion of Haval H8 and the launch of various models of SUV products, it is expected that the market share of the Group will be enlarged and the brand image of Haval will be enhanced.



In respect of the sedans market, the Group maintained a steady growth in the market. The Company will continue to focus on class A privately owned sedans through developing new models, replacing old models and enhancing energy saving and environmental-friendly applications to expand its customer base, and strengthen its products' competitive edge so as to enlarge its market share gradually.



Sources of data: Data of sales of pick-up trucks is from China Passenger Car Association. Data of sales of SUVs and sedans is from China Association of Automobile Manufacturers.

**(2) Development strategy of the Company**

Great Wall Motor formulated a development strategy to focus on its three major products, including pick-up trucks, SUVs and sedans, and aim at maintaining the advantageous and leading position of pick-up trucks and SUVs and promote the rapid development of sedans by leveraging on its competitive talents, high product quality, technological innovation, efficient management, supply chain integration and international operations. By enhancing the brand value through its quality products, Great Wall Motor strives to develop as the top brand of Chinese automobiles in the PRC and worldwide.

**(3) Operation plan**

In 2014, the Company will continue to focus on the product quality. The Company will enhance its brand value by strengthening its planning, manufacturing capacity, sales and services and improving its product quality. Moreover, the Company will increase investments in its research and development in order to refine its product development process, perfect its knowledge management system and improve its research and development capability systematically. The Company will run its operation strategically so as to lay down a solid foundation for its development as well as strengthen its capabilities to implement its plan. Targeting to position itself as a world-class automobile enterprise, the Company will enhance its overall competitive edges.

**(4) Funds required for ongoing operations and investment in projects in progress**

All existing projects in progress of the Company are financed by its own funds. In the future, the Company will raise funds from various sources such as internal resources or financing from banks or securities market according to the actual business needs of the Company.

**(5) Potential Risks**

Set out below are the six main potential risks that the Company may be exposed to:

1. the measures for the prevention of air pollution introduced by the central and local governments of the PRC may tighten the restrictions on driving and purchase of automobiles, thereby imposing higher pressure on the sales of automobiles;
2. the adoption of "Corporate Average Fuel Consumption System" (企業平均燃料消耗量制度) in the PRC will force private automobiles enterprises to improve the energy saving technology speedily;
3. automobile enterprises are required to improve their technologies speedily due to the tightening of overseas and domestic regulations on emission/safety of automobiles;
4. as the quality of automobiles produced by joint ventures continue to improve and their prices are falling, there is increasing competition pressure on those traditional enterprises which produce automobiles under its own brands;
5. as the domestic and overseas automobiles markets become more mature, customers become more demanding on the product quality. They demand a higher quality of the automobiles produced by the enterprises under their own brands; and

## Section 6 Report of the Board

6. the difficulties to expand into international market are increasing due to the increasing technical barriers in overseas market and intensive trade protectionism.

In light of the above potential risks, the Company has taken the following measures:

1. in order to strengthen its market position, the Company has fully leveraged on the advantages of its products and introduced differentiated products;
2. the Company has expanded its market coverage through refining its sales and services network. The Company has also enhanced the quality of its services to satisfy market demand through establishing a professional and efficient sales and services network with high quality;
3. through taking decisive measures and providing sales and services with high quality, the Company provides its customers with excellent experience;
4. the Company has enhanced its vertical integration capacity so as to strengthen its costs advantage. The Company has also established a strategic cooperation relationship with key suppliers of automotive parts and components;
5. the Company has refined its products structure by improving market research and developing key models in order to expand into high end and emerging markets, and to attract customers with high quality products and excellent services; and
6. the Company has conducted research and development of new technologies with an aim to enhancing its technology level and innovation capabilities. The Company also focuses on enlarging its product range to enhance its brand value.

### III. Explanation of the Board on “Non-Standard Auditor’s Report”

#### 1. Explanation of the Board and the Supervisory Committee on “non-standard auditor’s report”

√ Not applicable

#### 2. Analysis and explanation of the Board on the reasons for and impact of the change in accounting policy, accounting estimation or verification method

√ Not applicable

#### 3. Analysis and explanation of the Board on the reasons for and impact of the correction to material errors made previously

√ Not applicable

## IV. Profit Distribution Plan or Plan for Capitalisation of Capital Reserves

### (1) Formulation, implementation or adjustment of cash dividend policy

During the Reporting Period, there was no change in the cash dividend policy of the Company.

During the Reporting Period, the profit distribution proposal for the year 2012 (《關於2012年年度利潤分配方案的議案》) was approved at the 2012 annual general meeting of the Company. Based on the total share capital of 3,042,423,000 shares as at 31 December 2012, a final cash dividend of RMB0.57 per A Share and H Share (tax inclusive) would be paid to the shareholders of the Company, amounting to RMB1,734,181,110.00 in total. On 17 May 2013, the Company published the Announcement on the Implementation of the Profit Distribution Plan for A Shares of Great Wall Motor Company Limited for the year of 2012 (《長城汽車股份有限公司2012年度A股利潤分配實施公告》) on China Securities Journal, Shanghai Securities News and the website of the Shanghai Stock Exchange. The announcement was also published on the website of the Hong Kong Stock Exchange in the form of overseas regulatory announcement. The distribution of dividend to A Shareholders was completed on 30 May 2013. Meanwhile, the dividend for H Shareholders was distributed in accordance with the relevant requirements of the Hong Kong Stock Exchange.

### (2) If the Company recorded profits during the Reporting Period, but there was no proposal for the distribution of cash dividend, the Company should disclose the reasons for non-distribution, the use of the undistributed profits and the plan for the use of the undistributed profits

√ Not applicable

### (3) Plan or proposal for profit distribution or capitalisation of capital reserve of the Company in the last three years (including the Reporting Period)

Year of distribution	Number of bonus shares for every 10 shares (share)	Dividend for every 10 shares (RMB) (Tax inclusive)	Number of scrip shares for every 10 shares (share)	Total amount of cash dividend (Tax inclusive)	Unit: RMB Currency: RMB	
					Net profits attributable to shareholders of the Company in the consolidated financial statements for the year during which dividend was distributed	Ratio of dividend to the net profits attributable to shareholders of the Company in the consolidated financial statements (%)
2013	—	8.2	—	2,494,786,860.00	8,223,648,390.71	30.34
2012	—	5.7	—	1,734,181,110.00	5,692,448,955.93	30.46
2011	—	3.0	15	912,726,900.00	3,426,200,000.00	26.64

## **V. Fulfillment of Social Responsibilities**

### **(I) Social responsibilities**

For the fulfillment of social responsibilities of the Company during the Reporting Period, please refer to the Social Responsibility Report of Great Wall Motor Company Limited for the year 2013 published on the website of the Shanghai Stock Exchange and the relevant overseas regulatory announcement published on the website of the Hong Kong Stock Exchange.

### **(II) Measures for environmental protection taken out by the listed company and its subsidiaries which cause heavy pollution as specified by the environmental protection departments in the PRC**

The Group has established environmental protection facilities and conducted emission in strict compliance with the PRC environmental protection requirements and standards. The Group is engaged in the manufacturing of automobiles and automotive parts and components, the business of which does not fall into the scope of the industries which cause heavy pollution as specified by the environmental protection departments in the PRC.

## **VI. Other Disclosure**

### **(I) Results and Dividends**

The Group's operating results for the year ended 31 December 2013 and the financial positions of the Company and the Group for the year ended 31 December 2013 are set out in the audited financial statements.

The final dividend for the year ended 31 December 2013 are set out in the item "Profit Distribution Plan or Plan for Capitalisation of Capital Reserves" in this section.

### **(II) Share Capital**

Details of movements of the share capital of the Company as at 31 December 2013, together with the reasons for such movements, are set out in the audited financial report.

### **(III) Fixed Assets**

Details of the fixed assets of the Group and the Company as at 31 December 2013 are set out in the audited financial report.

### **(IV) Pre-Emptive Rights**

There are no provisions for pre-emptive rights that require the Company to offer new shares to its existing shareholders on a pro rata basis under the Company's Articles or the Company Law.

### **(V) Rights to Acquire Shares or Debentures**

At no time during the Year was the Company, its subsidiaries or fellow subsidiaries a party to any arrangements to enable the directors, supervisors and chief executives of the Company to receive benefits by means of the acquisition of shares in, or debentures of, the Company or any other legal entities.



**(VI) Undistributed Profits**

As at 31 December 2013, pursuant to the Company Law and the Articles of the Company, the undistributed profits of the Group was RMB18,224,548,503.39, the final dividend for the year of 2013 proposed to be distributed was RMB0.82 per share (tax inclusive). In addition, the capital premium and part of the capital reserves may be distributed through capitalization issue in the future.

**(VII) Directors, Supervisors and Senior Management**

A list of the Company's directors, supervisors and senior management who held office during the Year and up to the date of this report and their biographies are set out in Section 10 "Directors, Supervisors, Senior Management and Employees".

**(VIII) Material Contracts**

Please refer to item IV "Asset Transactions And Mergers" of Section 8 of this report.

**(IX) Management Contracts**

No contract concerning the management or administration of the Company's entire business or material business was entered into during the Year.

**(X) Directors' and Supervisors' Interests in Securities**

As at 31 December 2013, the interests and short positions of each of the directors, supervisors and chief executives of the Company in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning as defined in Part XV of SFO, which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in Section 352 of the SFO (including the interests and short positions which they were taken or deemed to have under such provisions of the SFO) or were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code as set out in Appendix 10 to the Hong Kong Listing Rules, were as follows:

<b>Name of director/ supervisor</b>	<b>Capacity/ nature of interest</b>	<b>No. of shares</b>	<b>Approximate percentage of A Shares %</b>	<b>Approximate percentage of H Shares %</b>	<b>Approximate percentage of total number of shares %</b>
Mr. Wei Jian Jun	Interests in controlled companies	1,705,000,000(L) (A Shares)	84.86	—	56.04
Total		1,705,000,000(L) (A Shares)	84.86	—	56.04

Notes:

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

**(XI) Interests in Controlled Companies**

As at 31 December 2013, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) was controlled by Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) which was in turn controlled by Mr. Wei Jian Jun. Accordingly, pursuant to the SFO, Mr. Wei Jian Jun is deemed to be interested in the 1,705,000,000 A Shares held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司).

Save as disclosed above, so far as the directors of the Company are aware, as at 31 December 2013, none of the directors, supervisors or chief executives of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO), which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including the interests or short positions which they were taken or deemed to have under such provisions of the SFO), or which were required to be recorded in the register required to be kept as referred to in Section 352 of the SFO or were otherwise required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code. For this purpose, the relevant provisions of the SFO shall be construed as if they were applicable to the supervisors.

**(XII) Shareholding Structure and Number of Shareholders**

Please refer to Section 9 “Changes in Equity and Shareholders” of this report.

**(XIII) Shares Held by Substantial Shareholders (SFO Requirements)**

Please refer to Section 9 “Changes in Equity and Shareholders” of this report.

**(XIV) Public Float**

Based on the public information available to the Company prior to the publication of this report and to the knowledge of the directors of the Company, the directors of the Company confirmed as at 31 December 2013, there was sufficient public float as approximately 43.96% of the issued share capital of the Company held by the public.

**(XV) Connected Transactions**

During the Year, the Group has entered into connected transactions and continuing connected transactions with its connected persons. The independent non-executive directors have reviewed the relevant continuing connected transactions and confirmed that such continuing connected transactions have been entered into:

1. in the ordinary and usual course of business of the Group;
2. either on normal commercial terms or, if there are no sufficient comparable transactions to judge whether they are on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties;
3. in accordance with the relevant agreements governing them; and
4. on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

For details of the connected transactions, please refer to item VI “Material Related Party Transactions” of Section 8 of this report.

The connected transactions and the continuing connected transactions conducted by the Group during the Year were exempt from the reporting, annual review, announcement and independent shareholders’ approval requirements under chapter 14A of the Hong Kong Listing Rules.

#### **(XVI) Remuneration Policies**

The Remuneration Committee is responsible for reviewing the remuneration policies for directors and senior management of the Group and formulating the remuneration packages for directors and senior management.

##### ***Directors***

The Company determines the remuneration of the directors with regard to certain factors, including their competitiveness in the respective professions, their duties and the performance of the Company. The remuneration package includes basic salaries, bonuses, long-term incentives and benefits in kind.

##### ***Non-executive Directors***

In connection with the remuneration of the non-executive directors, an amount of no less than RMB40,000 per annum as the remuneration to each of them was approved by the shareholders at the general meeting held on 29 April 2011.

##### ***Employees***

Employees are remunerated on the basis of their performance, experience and prevailing industry practices. The Group’s remuneration policies and packages are reviewed on a regular basis to ensure the competitiveness of the remuneration in recruiting, retaining and motivating employees. Bonuses and incentives may also be awarded to employees based on their individual performance as incentives and rewards for individual employees.

#### **(XVII) Uncollected Dividends**

As at 31 December 2013, as for the Company’s 2006 final dividends, there were 53 cases of unclaimed dividends, amounting to HK\$7,302.45. As for the Company’s 2007 final dividends, there were 57 cases of unclaimed dividends, amounting to HK\$10,689.60. As for the Company’s 2008 final dividends, there were 61 cases of unclaimed dividends, amounting to HK\$8,850.40. As for the Company’s 2009 final dividends, there were 57 cases of unclaimed dividends, amounting to HK\$12,976.60. As for the Company’s 2010 final dividends, there were 56 cases of unclaimed dividends, amounting to HK\$26,615.16. As for the Company’s 2011 final dividends, there were 57 cases of unclaimed dividends, amounting to HK\$40,607.73. As for the Company’s 2012 final dividends, there were 57 cases of unclaimed dividends, amounting to HK\$81,508.07.

#### **(XVIII) Material Litigations**

Please refer to item I “Material Litigations, Arbitration And Matters Questioned By The Media” of Section 8 of this report.

## Section 6 Report of the Board

### **(XIX) Purchase, Sale or Redemption of The Company's Listed Securities**

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

### **(XX) Corporate Governance**

To the knowledge of the Board, the Company has complied with all the code provisions in the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules during the Year. The Corporate Governance Report sets out a summary of the corporate governance practices of the Company and, if any, the explanation of deviation from the Corporate Governance Code set out in the Hong Kong Listing Rules.

### **(XXI) Audit Committee**

The Company has set up the Audit Committee for the purposes of reviewing and supervising over financial reporting process and internal controls of the Group. The Audit Committee comprises four independent non-executive directors of the Company. At the meeting held on 20 March 2014, the Audit Committee reviewed the 2013 annual results announcement, annual report and annual financial statements of the Group and gave their opinions and recommendations to the Board. The Audit Committee is of the opinion that the 2013 annual results announcement, annual report and annual financial statements of the Company comply with the applicable accounting standards and the Company has made appropriate disclosure thereof.

### **(XXII) Remuneration Committee**

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

### **(XXIII) Nomination Committee**

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

### **(XXIV) Strategy Committee**

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

**(XXV) Compliance with the Model Code**

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

**(XXVI) Auditor**

Deloitte Touche Tohmatsu Certified Public Accountants LLP was the Company's external auditor for the year ended 31 December 2013. A resolution for the re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the Company's external auditor, will be proposed at the forthcoming annual general meeting. There was no change in the auditor of the Company in any of the preceding three years. For details, please refer to Section 11 of this report.

# Section 7 Report of the Supervisory Committee

To all shareholders:

During the year 2013, all members of the Supervisory Committee of the Company adhered strictly to the requirements of the Company Law and the Articles, and, according to the principles of integrity, discharged their supervisory duties in accordance with the relevant regulations and, actively as well as cautiously, proceeded with various initiatives to safeguard the interests of the Company and all its shareholders. The Supervisory Committee played an effective role in ensuring that the Company's operation was in conformity with all relevant requirements and contributed to the Company's sustained development.

## 1. Meetings and Resolutions of the Supervisory Committee

The 10th meeting of the 4th session of the Supervisory Committee was held on 21 March 2013 in the conference room of the Company, whereupon the Company's audited financial report for the year of 2012, profit distribution proposal, report of the Supervisory Committee, annual report of the Company's A shares and its summary report, appointment of the accounting firm, special report on the deposit and actual use of the proceeds, social responsibility report, as well as the internal control self-evaluation report were considered and approved.

The 11th meeting of the 4th session of the Supervisory Committee was held on 25 April 2013 in the conference room of the Company, whereupon the first quarterly report for the year of 2013 was considered and approved.

The 12th meeting of the 4th session of the Supervisory Committee was held on 10 May 2013 in the conference room of the Company, whereupon the proposal in relation to the adjustment on use of proceeds and the reallocation of remaining proceeds from certain projects to other projects were considered and approved.

The 13th meeting of the 4th session of the Supervisory Committee was held on 22 August 2013 in the conference room of the Company, whereupon the interim results announcement for the year of 2013, interim report and its summary report for the year of 2013, and special report on the deposit and actual use of the proceeds were considered and approved.

The 14th meeting of the 4th session of the Supervisory Committee was held on 24 October 2013 in the conference room of the Company, whereupon the third quarterly report for the year of 2013 was considered and approved.

## 2. Tasks of the Supervisory Committee during the Reporting Period

During the Reporting Period, not only did members of the Supervisory Committee attend all the meetings of the Board of the Company in 2013, but also that they duly supervised and monitored the financial affairs of the Company, operation decisions made by the management, operation of the Company in accordance with the law and the discharge of duties by the directors and the senior management of the Company. The Supervisory Committee is of the opinion that:

1. The Company and its subsidiaries were not involved in any violation of the Company Law, the Articles, the relevant accounting standards, and the laws and regulations of the PRC during their operation in 2013. Acquisitions or disposals of assets and connected transactions of the Company were fair and reasonable, and did not prejudice the interests of other shareholders and the Company, nor were there any significant deficiencies in the design and operation of the Company's internal control system. The Company's internal control system was sound and its execution was effective.
2. The directors and senior management of the Company have discharged their duties with commitment, due observance of the law, well-regulated management, innovation, and a high regard to all shareholders' interest during 2013 and there was no violation of the Company Law, the Articles, the relevant accounting standards, and the laws and regulations of the PRC.
3. The accounting firm issued a standard and unqualified auditor's report. The Company's financial statements reflected a true view of the financial positions of the Group and the Company as at 31 December 2013, and the results of the Group for the year then ended.
4. The Company issued a special report on the deposit and actual use of proceeds for the year 2013. The Supervisory Committee is of the opinion that the application of the proceeds did not alter the intended use of the proceeds and did not prejudice the interests of the Company's shareholders, and that there was no violation of law in the use and management of the proceeds.
5. The Company disclosed information strictly in accordance with relevant provisions of regulatory authorities and its information disclosure system. The information disclosed by the Company was true, accurate and complete. There was no information which should be disclosed but was not disclosed by the Company.

By Order of the Supervisory Committee

**Zhu En Ze**

*Supervisor*

Hebei Province, the People's Republic of China, 21 March 2014

## Section 8 Significant Events

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

During the Year, the Company had no material litigation, arbitration or matters questioned by the media.

### II. FUND USED BY OTHER PARTIES AND PROGRESS OF FUND REPAYMENT DURING THE REPORTING PERIOD

√ N/A

### III. BANKRUPTCY AND RESTRUCTURING

During the Year, there were no events relating to bankruptcy or restructuring of the Company.

### IV. ASSET TRANSACTIONS AND MERGERS

#### (1) Acquisition and disposal of assets and mergers disclosed in preliminary announcements without subsequent changes

Summary and nature	Reference
The Company intended to absorb and merge Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司), Baoding Great Wall Botai Electrical Appliance Manufacturing Co., Ltd. (保定長城博泰電器製造有限公司) and Baoding Xincheng Automotive Development Company Limited (保定市信誠汽車發展有限公司), which were wholly-owned subsidiaries of the Company. An announcement and the relevant circular were issued on 10 May 2013. The proposed absorption and merger were approved at the first extraordinary general meeting of the Company for 2013 held on 26 June 2013. The absorption and merger have been completed as at the date of this annual report.	For details, please see the announcement and the relevant circular regarding the absorption and merger of wholly-owned subsidiaries by Great Wall Motor Company Limited dated 10 May 2013.



**(2) Transactions not required for disclosure by preliminary announcements or their subsequent development****1. Asset acquisitions**

Unit: RMB Currency: RMB

Counterparty or ultimate controller	Assets acquired	Date of acquisition	Acquisition price	to the end of this year	Net profit contributed to the Company by the assets from the beginning of this year to the end of this year (applicable to business combination of enterprises under common control)	Is it a related party transaction? (If yes, state the basis of pricing)	Basis of the asset acquisition	Has the ownership of the assets been fully transferred?	Have the obligations and liabilities been fully transferred?	Percentage of net profit contributed to the Company by the assets over the total profit of the Company (%)	Relationship
Baoding Xincheng Automobile Development Company Limited (保定市信誠汽車發展有限公司)	45% of the equity interest in Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司)	13 May 2013	23,394,600	0.00	—	No	Asset valuation	—	—	0.00	Wholly owned subsidiary
Automart Holdings Limited (奧拓瑪控股有限公司)	49% of the equity interest in Macs (Baoding) Auto A/C Systems Co., Ltd. (麥克斯(保定)汽車空調系統有限公司)	31 October 2013	29,906,700	921,242.17	—	No	Asset valuation	—	—	0.01	Others

1. The Company acquired 45% of the equity interest in Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司) from Baoding Xincheng Automobile Development Company Limited (保定市信誠汽車發展有限公司), a wholly-owned subsidiary of the Company. The acquisition has been completed as at the date of this annual report;
2. The Company and its wholly-owned subsidiary, Billion Sunny Development Limited (億新發展有限公司), acquired 49% of the equity interest in Macs (Baoding) Auto A/C Systems Co., Ltd. (麥克斯(保定)汽車空調系統有限公司). The acquisition has been completed as at the date of this annual report.

## Section 8 Significant Events

### 2. Asset disposals

Unit: RMB Currency: RMB

Counterparty	Assets disposed of	Date of disposal	Disposal Price	Net profit contributed to the Company by the assets from the beginning of this year to the date of disposal	Gain or loss from disposal	Is it a related party transaction (If yes, state the basis of pricing)	Basis of pricing for the asset disposal	Has the ownership of the assets been fully transferred?	Have the obligations and liabilities been fully transferred?	Percentage of net profit contributed to the Company by the asset disposal over the total profit of the Company (%)	Relationship
Hebei Lizhong Nonferrous Metal Group Co., Ltd. (河北立中有色金屬集團有限公司)	100% of the equity interest in Baoding Exquisite Auto Aluminium Alloy Manufacture Co., Ltd. (保定精工汽車鋁合金製造有限公司)	30 January 2013	98,450,000	4,579,158.92	10,972,610.88	No	Asset Valuation	—	—	0.13	—

The Company disposed of 100% of the equity interest in Baoding Exquisite Auto Aluminium Alloy Manufacture Co., Ltd. (保定精工汽車鋁合金製造有限公司), a wholly-owned subsidiary of the Company. The disposal has been completed as at the date of this annual report.

### 3. Merger of enterprises

On 10 May 2013, the Company issued an announcement and the relevant circular regarding the proposed absorption and merger of Baoding Xinchang Auto Parts Company Limited (保定信昌汽車零部件有限公司), Baoding Great Wall Botai Electrical Appliance Manufacturing Co., Ltd. (保定長城博泰電器製造有限公司) and Baoding Xincheng Automotive Development Company Limited (保定市信誠汽車發展有限公司), which were wholly-owned subsidiaries of the Company. The proposed absorption and merger were considered and approved at the first extraordinary general meeting of the Company for 2013 held on 26 June 2013. The absorption and merger have been completed as at the date of this annual report.

The above asset acquisitions and asset disposals do not fall into the scope of transactions for which disclosure by announcement is required under the Hong Kong Listing Rules.

## V. SHARE INCENTIVE SCHEME OF THE COMPANY AND ITS IMPLICATIONS

√ N/A

## VI. MATERIAL RELATED PARTY TRANSACTIONS

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

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

Related parties	Relationship	Type of related party transaction	Description of the related party transaction	Basis of pricing for the related party transaction	Amount of related party transaction (RMB)	Percentage of total amount of similar transactions (%)
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd. (保定延鋒江森汽車座椅有限公司)	Jointly controlled entity	Purchase of goods	Purchase of automotive parts and components including automobile seating	mutually agreed price	446,162,894.56	0.98

Except for the related party transaction entered into between the Group and Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd. (保定延鋒江森汽車座椅有限公司), the material related party transactions set out above and in Note (VII) to the financial statements also constitute connected transactions and continuing connected transactions under the Hong Kong Listing Rules. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Hong Kong Listing Rules or is exempt from the compliance with the disclosure requirements under Chapter 14A of the Hong Kong Listing Rules.

## **VII. MATERIAL CONTRACTS AND PERFORMANCE THEREOF**

### **(I) Trust, contracting and leasing**

√ N/A

### **(II) Guarantee**

√ N/A

### **(III) Other material contracts**

During the Year, the Company had no other material contracts.

## VIII. PERFORMANCE OF UNDERTAKINGS

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

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Time and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed timely)	Next step (if undertakings cannot be performed timely)
Undertakings relating to the initial public offering of the shares of the Company	Restriction on trading of shares	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	For a period of 36 months from the date of listing, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) would not transfer or entrust others to manage any of the shares issued before the initial public offering of shares by the issuer, which is directly or indirectly held by it, nor allow such shares to be repurchased by the issuer.	36 months from the date of listing	Yes	Yes	—	—

## Section 8 Significant Events

Background of undertakings	Type of undertakings	Undertaking party	Description of undertakings	Time and duration of undertakings	Any time frame for performance (yes/no)	Strict and timely performance (yes/no)	Reasons for failure of performance (if undertakings cannot be performed timely)	Next step (if undertakings cannot be performed timely)
Undertakings relating to the initial public offering of the shares of the Company	Restriction on trading of shares	Wei Jian Jun	For a period of 36 months from the date of listing, Mr. Wei Jian Jun would not transfer or entrust others to manage any of the shares issued before the initial public offering of shares by the issuer, which is directly or indirectly held by him, nor allow such shares to be repurchased by the issuer.	36 months from the date of listing	Yes	Yes	–	–
Undertakings relating to the initial public offering of the shares of the Company	Termination of related party transaction	Great Wall Motor	From 1 January 2012, Great Wall Motor would not enter into any transactions relating to automotive parts and components with Hebei Baoding Tai Hang Group Company Limited (河北保定太行集團有限責任公司) and Baoding Tai Hang Pump Manufacturing Company Limited (保定市太行製泵有限公司).	From 1 January 2012	No	Yes	–	–

## IX. APPOINTMENT OR DISMISSAL OF ACCOUNTING FIRM

Unit: RMB Currency: RMB

Change of accounting firm: No

### Current appointment

Name of local accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP (auditor of the Company)
Remuneration for local accounting firm	2,280,000.00
Audit years of local accounting firm	four years

		<i>Unit: RMB    Currency: RMB</i>
<b>Name</b>		<b>Remuneration</b>
Accounting firm for internal control audit	Deloitte Touche Tohmatsu Certified Public Accountants LLP (auditor of the Company)	400,000.00
Sponsor	Guotai Junan Securities Co. Ltd.	0.00

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

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

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

## **XI. RISKS OF SUSPENSION OF LISTING AND DELISTING**

### **(I) Reasons for suspension of listing and delisting, and measures adopted by the Company to remove the suspension of listing or delisting**

During the Reporting Period, there were no events which would result in the suspension of listing or delisting of the Company.

## **XII. CONVERTIBLE BONDS**

### **(I) Issuance of convertible bonds**

During the Reporting Period, the Company did not issue any convertible bonds.

## **XIII. OTHER SIGNIFICANT EVENTS**

During the Reporting Period, there were no other significant events relating to the Company.

# Section 9 Changes in Equity and Shareholders

## I. CHANGES IN SHARE CAPITAL

### (I) Table of changes in equity

#### 1. Table of changes in equity

	Before		Changes (+,-)					After	
	Number of shares	Percentage (%)	New issue	Shares			Subtotal	Number of shares	Percentage (%)
				Bonus shares	transfer from reserve	Others			
									<i>Unit: share</i>
I. Shares with selling restrictions	1,705,000,000	56.04	—	—	—	—	—	1,705,000,000	56.04
	(A Shares)							(A Shares)	
1. State-owned shares	—	—	—	—	—	—	—	—	—
2. State-owned legal person shares	—	—	—	—	—	—	—	—	—
3. Other domestic shares	1,705,000,000	56.04	—	—	—	—	—	1,705,000,000	56.04
	(A Shares)							(A Shares)	
Including: Domestic non-state-owned legal person shares	1,705,000,000	56.04	—	—	—	—	—	1,705,000,000	56.04
	(A Shares)							(A Shares)	
Domestic natural person shares	—	—	—	—	—	—	—	—	—
4. Foreign shares	—	—	—	—	—	—	—	—	—
Including: Overseas legal person shares	—	—	—	—	—	—	—	—	—
Overseas natural person shares	—	—	—	—	—	—	—	—	—
II. Tradable shares without selling restrictions	1,337,423,000	43.96	—	—	—	—	—	1,337,423,000	43.96
1. Ordinary shares denominated in RMB	304,243,000	10.00	—	—	—	—	—	304,243,000	10.00
	(A Shares)							(A Shares)	
2. Domestic listed foreign shares	—	—	—	—	—	—	—	—	—
3. Overseas listed foreign shares	1,033,180,000	33.96	—	—	—	—	—	1,033,180,000	33.96
	(H Shares)							(H Shares)	
4. Others	—	—	—	—	—	—	—	—	—
III. Total number of shares	3,042,423,000	100.00	—	—	—	—	—	3,042,423,000	100.00

#### 2. Explanation for changes in equity

During the Reporting Period, there was no change in the equity of the Company.

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

As the Company is a company with its both A Shares and H Shares listed, the “overseas listed foreign shares” stated in the table of changes in equity refer to H Shares listed on the Hong Kong Stock Exchange.



## Section 9 Changes in Equity and Shareholders

### (II) Changes in shares with selling restrictions

Unit: share

Name of the shareholder	Number of shares with selling restrictions at the beginning of this year	Number of shares with selling restrictions removed this year	Increase in the number of shares with selling restrictions this year	Number of shares with selling restrictions at the end of this year	Reason for the selling restriction	Date of removal of the selling restriction
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	1,705,000,000 (A Shares)	0	0	1,705,000,000 (A Shares)	Lock-up commitment of the promoters for the initial public offering of A shares of the Company	28 September 2014
Total	1,705,000,000 (A Shares)	0	0	1,705,000,000 (A Shares)	/	/

## II. Issue and listing of securities

### (I) Issue of securities in the last three years as at the end of the Reporting Period

Unit: share Currency: RMB

Class of shares and derivative securities	Date of issue	Issue price (or interest rate)	Number of shares issued	Date of listing	Number of shares permitted for listing and trading	Date of cessation of trading
<b>Stock</b>						
Ordinary shares denominated in RMB (A Shares)	15 September 2011	13.00	304,243,000 (A Shares)	28 September 2011	304,243,000 (A Shares)	—

Upon the approval by CSRC with Zheng Jian Xu Ke [2011] No. 1370 (證監許可[2011]1370號文), the Company publicly offered 304,243,000 ordinary shares denominated in RMB (A Shares) in September 2011. Upon the completion of such issuance of A Shares, the total share capital of the Company increased from 2,738,180,000 shares to 3,042,423,000 shares.

### (II) Changes in the total number of shares and shareholding structure as well as changes in the structure of assets and liabilities of the Company

During the Reporting Period, there was no change in the total number of shares of the Company, shareholding structure as well as the structure of assets and liabilities of the Company.

### (III) Employee shares

The Company did not have any employee shares as at the end of the Reporting Period.

## Section 9 Changes in Equity and Shareholders

### III. Controlling shareholders and de facto controller

#### (I) Number of shareholders and their shareholdings

Unit: share

				Total number of shareholders as at the end of the day which was five trading days prior to the date of this annual report		34,134	
Total number of shareholders as at the end of Reporting Period		17,807					
Shareholding of the top 10 shareholders							
Name of shareholder	Type of shareholder	Percentage of shareholding (%)	Total number of shares held	Increase/decrease during the Reporting Period	Number of shares with selling restrictions held	Number of shares pledged or frozen	
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	Domestic non-state-owned legal person	56.04	1,705,000,000 (A Shares)	0	1,705,000,000 (A Shares)	Nil	
HKSCC NOMINEES LIMITED	Overseas legal person	33.17	1,009,312,734 (H Shares)	330,189 (H Shares)	—	Unknown	
Bank of China — Jiashi Stable Open Stock Investment Fund	Others	0.62	18,959,431 (A Shares)	16,343,691 (A Shares)	—	Unknown	
WU FEE PHILIP	Overseas natural person	0.58	17,555,000 (H Shares)	0	—	Unknown	
The Industrial and Commercial Bank of China — CIMM Domestic Demand Motivation Stock Securities Investment Fund	Others	0.40	12,089,940 (A Shares)	-2,913,185 (A Shares)	—	Unknown	
The Industrial and Commercial Bank of China — Boseru Third Industrial Growth Equity Securities Investment Fund	Others	0.26	8,000,000 (A Shares)	500,703 (A Shares)	—	Unknown	
The Industrial and Commercial Bank of China — Penghua Quality Governance Stock-Type Securities Investment Fund (LOF) (鵬華優質治理股票型證券投資基金)	Others	0.23	7,000,000 (A Shares)	-573,092 (A Shares)	—	Unknown	
Bank of China — China AMC Large-cap Select Fund (華夏大盤精選證券投資基金)	Others	0.22	6,780,808 (A Shares)	6,780,808 (A Shares)	—	Unknown	
Shanghai Pudong Development Bank — Jiashi High Quality Enterprises Open Stock Investment Fund	Others	0.20	6,107,777 (A Shares)	-11,768,140 (A Shares)	—	Unknown	
Agricultural Bank of China — Penghua Dynamic Growth Mixed Securities Investment Fund (LOF) (鵬華動力增長混合型證券投資基金)	Others	0.20	6,000,000 (A Shares)	6,000,000 (A Shares)	—	Unknown	

## Section 9 Changes in Equity and Shareholders

### Shareholding of the top 10 shareholders holding shares without selling restrictions

Name of shareholder	Number of shares without selling restrictions held	Class and number of shares
HKSCC NOMINEES LIMITED	1,009,312,734 (H Shares)	Overseas listed foreign shares
Bank of China — Jiashi Stable Open Stock Investment Fund	18,959,431 (A Shares)	RMB-denominated ordinary shares
WU FEE PHILIP	17,555,000 (H Shares)	Overseas listed foreign shares
The Industrial and Commercial Bank of China — CIFM Domestic Demand Motivation Stock Securities Investment Fund	12,089,940 (A Shares)	RMB-denominated ordinary shares
The Industrial and Commercial Bank of China — Boser Third Industrial Growth Equity Securities Investment Fund	8,000,000 (A Shares)	RMB-denominated ordinary shares
The Industrial and Commercial Bank of China — Penghua Quality Governance Stock-Type Securities Investment Fund (LOF) (鵬華優質治理股票型證券投資基金)	7,000,000 (A Shares)	RMB-denominated ordinary shares
Bank of China — China AMC Large-cap Select Fund (華夏大盤精選證券投資基金)	6,780,808 (A Shares)	RMB-denominated ordinary shares
Shanghai Pudong Development Bank — Jiashi High Quality Enterprises Open Stock Investment Fund	6,107,777 (A Shares)	RMB-denominated ordinary shares
Agricultural Bank of China — Penghua Dynamic Growth Mixed Securities Investment Fund (LOF) (鵬華動力增長混合型證券投資基金)	6,000,000 (A Shares)	RMB-denominated ordinary shares
Huaxia Growth Securities Investment Fund	5,500,000 (A Shares)	RMB-denominated ordinary shares
Description of the related party relationship or acting in concert relationship among the above shareholders	There is no related party relationship between Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司), the controlling shareholder of the Company, and the other shareholders. In addition, the Company is not aware of any related party relationship among the other shareholders mentioned above.	

### Shareholding of the top ten shareholders holding shares with selling restrictions and the selling restrictions

Unit: share

No.	Name of shareholder holding shares with selling restrictions	Number of shares with selling restrictions	Trading and listing of shares with selling restrictions		Selling restrictions
			Date on which trading is permitted	Increase in the number of tradable shares	
1	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	1,705,000,000 (A Shares)	28 September 2014	1,705,000,000 (A Shares)	The shareholder who was the promoter undertook not to sell its shares within 36 months after the listing of A Shares

## Section 9 Changes in Equity and Shareholders

### **Shares Held by Substantial Shareholders (SFO Requirements)**

As at 31 December 2013, the following shareholders (excluding the directors, supervisors and chief executives of the Company) had interests or short positions in any shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO:

Name	No. of shares	Approximate percentage of A Shares %	Approximate percentage of H Shares %	Approximate percentage of total number of shares %
Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) (Note 1)	1,705,000,000(L) (A Shares)	84.86	—	56.04
Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) (Note 2)	1,705,000,000(L) (A Shares)	84.86	—	56.04
JPMorgan Chase & Co.	165,047,827(L) (H Shares)	—	15.97(L)	5.42(L)
	2,572,220(S) (H Shares)	—	0.24(S)	0.08(S)
	75,804,473(P) (H Shares)	—	7.33(P)	2.49(P)
BlackRock, Inc.	106,185,969(L) (H Shares)	—	10.27(L)	3.49(L)
	421,500(S) (H Shares)	—	0.04(S)	0.01(S)
Morgan Stanley	94,816,741(L) (H Shares)	—	9.17(L)	3.12(L)
	91,554,557(S) (H Shares)	—	8.86(S)	3.01(S)
	0(P) (H Shares)	—	0.00(P)	0.00(P)
Han Xue Juan (Note 3)	1,705,000,000(L) (A Shares)	84.86	—	56.04
Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經管中心) (Note 4)	1,705,000,000(L) (A Shares)	84.86	—	56.04

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

## Section 9 Changes in Equity and Shareholders

### Notes:

- (1) Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) (formerly known as Baoding Woerte Management Consultant Company Limited (保定市沃爾特管理諮詢有限公司)) was established on 1 December 2005. Its place of incorporation is Baoding, Hebei Province, the PRC and its registered address is 1588 Chang Cheng South Road, Baoding. Its business scope covers investments in manufacturing, real estate and horticulture industries, as well as corporate planning and management consultancies (operations that require pre-approvals according to laws and administrative regulations and as prescribed by the State Council can only be conducted after obtaining approvals). As at 31 December 2013, 61.365%, 1.599%, 0.016% and 37.020% of the equity interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) were held by Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司), Mr. Wei Jian Jun, Ms. Han Xue Juan and Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經管中心) respectively. Further, 99% and 1% of the equity interest in Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) were held by Mr. Wei Jian Jun and Ms. Han Xue Juan respectively. Therefore, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) is a company controlled by Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) which is in turn controlled by Mr. Wei Jian Jun and Mr. Wei Jian Jun is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) pursuant to the SFO.
- (2) As at 31 December 2013, Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) held 61.365% interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) for the purposes of the SFO.
- (3) As at 31 December 2013, Ms. Han Xue Juan held 0.016% interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and 1% interest in Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司), and is the spouse of Mr. Wei Jian Jun. Ms. Han Xue Juan is deemed to be interested in all the shares of the Company in which Mr. Wei Jian Jun is interested for the purposes of the SFO.
- (4) As at 31 December 2013, Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經管中心) held 37.02% interest in Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and is deemed to be interested in all the shares of the Company held by Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) for the purposes of the SFO.

Save as disclosed above, as at 31 December 2013, so far as the directors, supervisors and chief executives of the Company are aware, no other person (excluding the directors, supervisors and chief executives of the Company) had interests or short positions in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO.

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

As at the end of the Reporting Period, none of the top ten shareholders of the Company is a strategic investor or a placee under the initial public offering of the A Shares.

## IV. CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

### (I) Details of controlling shareholders

#### 1. Legal person

*Unit: Yuan Currency: RMB*

Name	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)
Person in charge or legal representative	Wei Jian Jun
Date of establishment	1 December 2005
Organization code	78258703-6
Registered capital	390,000,000.00
Principal business	Investments in manufacturing, real estate and horticulture industries, as well as corporate planning and management consultancies.
Operating results	The audited net profit of the company for the year of 2012 amounted to RMB511,000,000 (unconsolidated financial statements).
Financial position	As of 31 December 2012, the total assets and net assets of the company (unconsolidated financial statement) amounted to RMB6,861,000,000 and RMB6,704,000,000, respectively.
Cash flow and future development strategies	The cash flow of the company was good and the company will continue to focus on investments and asset management to maximize the value for its shareholders, the company, its employees and the society.
Control and shareholdings in other domestic or overseas listed companies during the Reporting Period	The company did not have any control or shareholding in other domestic or overseas listed companies during the Reporting Period.

#### 2. Change in controlling shareholder during the Reporting Period and the relevant date of change

During the Reporting Period, the controlling shareholder of the Company remained to be Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and no change has been made.

**(II) Details of the de facto controller**

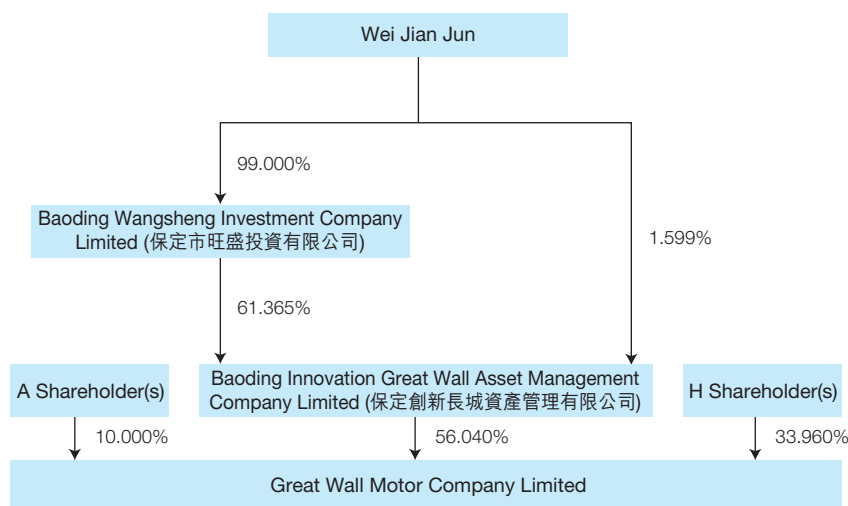
**1. Natural Person**

Name	Wei Jian Jun
Nationality	Chinese
Right of abode in other countries or regions	Permanent residency in Guinea-Bissau
Occupation and position in the last five years	Chairman of Great Wall Motor
Shareholding in domestic or overseas listed companies in the last ten years	Mr. Wei Jian Jun did not hold any shares in any other listed companies other than Great Wall Motor in the last ten years.

**2. Change in the de facto controller during the Reporting Period and the date of change**

During the Reporting Period, there was no change in de facto controller of the Company.

**3. Chart showing the shareholding and controlling relationship between the Company and the de facto controller**



**V. Other legal person shareholders holding 10% or more of shares**

As at 31 December 2013, HKSCC NOMINESS LIMITED, an overseas legal person, held 1,009,312,734 H Shares, representing 33.17% of the total shares of the Company. HKSCC NOMINESS LIMITED held these shares for a number of customers.

# Section 10 Directors, Supervisors, Senior Management and Employees

## I. Change in shareholdings and remuneration

### (I) The change in shareholdings and remuneration of existing and resigned/retired directors, supervisors and senior management during the Reporting Period.

*Unit: Share*

Name	Position	Gender	Age	Term commencement date	Term expiration date	No. of shares held at the beginning of the Year	No. of shares held at the end of the Year	Changes (+/-) in shares held during the Year	Reason for changes	Total payable remuneration received from the Company during the Reporting Period	Total payable remuneration received from the Company's shareholders during the Reporting Period
										(RMB 10,000)	(RMB 10,000)
Wei Jian Jun	Chairman and Executive Director	Male	50	10 May 2011	9 May 2014	0	0	0	—	325.91	0
Liu Ping Fu	Vice Chairman and Executive Director	Male	64	10 May 2011	9 May 2014	0	0	0	—	51.21	0
Wang Feng Ying	Executive Director and General Manager	Female	43	10 May 2011	9 May 2014	0	0	0	—	283.73	0
Hu Ke Gang	Executive Director and Deputy General Manager	Male	68	10 May 2011	9 May 2014	0	0	0	—	133.26	0
Yang Zhi Juan	Executive Director	Female	47	10 May 2011	9 May 2014	0	0	0	—	41.44	0
He Ping	Non-executive Director	Male	37	10 May 2011	9 May 2014	0	0	0	—	4.76	0
Niu Jun	Non-executive Director	Male	39	10 May 2011	9 May 2014	0	0	0	—	0	0
Wei Lin	Independent Non-executive Director	Female	50	10 May 2011	9 May 2014	0	0	0	—	4.76	0
He Bao Yin	Independent Non-executive Director	Male	49	10 May 2011	9 May 2014	0	0	0	—	4.76	0
Li Ke Qiang	Independent Non-executive Director	Male	51	10 May 2011	9 May 2014	0	0	0	—	4.76	0
Wong Chi Hung, Stanley	Independent Non-executive Director	Male	50	10 May 2011	9 May 2014	0	0	0	—	14.29	0
Zhu En Ze	Chairman of Supervisory Committee	Male	68	10 May 2011	9 May 2014	0	0	0	—	33.44	0
Yuan Hong Li	Supervisor	Female	54	10 May 2011	9 May 2014	0	0	0	—	1.8	0
Luo Jin Li	Supervisor	Female	54	10 May 2011	9 May 2014	0	0	0	—	1.8	0
Hu Shu Jie	Deputy General Manager	Male	42	10 May 2011	9 May 2014	0	0	0	—	213.71	0
Huang Yong	Deputy General Manager	Male	45	10 May 2011	9 May 2014	0	0	0	—	213.69	0
Zhang Xin	Deputy General Manager	Male	44	10 May 2011	9 May 2014	0	0	0	—	141.4	0
Zheng Chun Lai	Deputy General Manager	Male	44	10 May 2011	9 May 2014	0	0	0	—	76.53	0
Hao Jian Jun	Deputy General Manager	Male	41	10 May 2011	9 May 2014	0	0	0	—	214.92	0
Xing Wen Lin	Deputy General Manager	Male	44	10 May 2011	9 May 2014	0	0	0	—	86.01	0
Dong Ming	Deputy General Manager	Male	44	10 May 2011	9 May 2014	0	0	0	—	77.08	0
Chai Wan Bao	Deputy General Manager	Male	66	10 May 2011	9 May 2014	0	0	0	—	105.61	0
Zhao Guo Qing	Deputy General Manager	Male	36	10 May 2011	9 May 2014	0	0	0	—	73.47	0
Li Yan Qing	Deputy General Manager	Male	47	10 May 2011	9 May 2014	0	0	0	—	92.69	0
Zhang Wen Hui	Deputy General Manager	Male	38	13 January 2012	9 May 2014	0	0	0	—	74.06	0
Li Feng Zhen	Deputy General Manager and Chief Financial Controller	Female	51	10 May 2011	9 May 2014	0	0	0	—	99.23	0
Xu Hui	Secretary to the Board	Male	35	10 May 2011	9 May 2014	0	0	0	—	65.13	0
Total	/	/	/	/	/	0	0	0	/	2,439.42	0



## Executive Directors

**Mr. Wei Jian Jun (魏建軍先生)** (“Mr. Wei”) aged 50, is the chairman of the Company. He is responsible for formulating the management philosophy, determining the business strategies of the Company and providing guidance for the development of new products. Mr. Wei graduated from the Committee College of Hebei Province of the PRC Communist Party (中共河北省委黨校) in 1999 specializing in corporate management studies. He previously worked at Beijing Tongxian Micro Motors Factory (北京通縣微電機廠) in 1981, Baoding Carpet Factory (保定地毯廠) in 1983 and Baoding Taihang Pump-making Factory (保定太行水泵廠) in 1984. He joined Baoding Great Wall Motor Industry Company (保定長城汽車工業公司) (the predecessor of the Company) as the general manager in 1990. In 1991, he undertook contractual operation of Great Wall Motor Industry Company (長城汽車工業公司). He has been the chairman of the Company since June 2001. Moreover, Mr. Wei was appointed as a representative to the Ninth and Tenth National People’s Congress of Hebei Province respectively, as well as a representative to the Eighteenth National Congress of the Communist Party of China in 2009. Mr. Wei is the deputy chairman of the Baoding Industry and Commerce Association (保定市工商聯合會) and the representative to the People’s Congress of Hebei Province. In addition, Mr. Wei is also a director of the Company’s substantial shareholder, Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司). Details of the disclosure of interests of the aforementioned substantial shareholder are set out under “Shares Held by Substantial Shareholders (SFO Requirement)” of Section 9 of this report.

**Mr. Liu Ping Fu (劉平福先生)** (“Mr. Liu”), aged 64, is an assistant political work professional and the vice chairman of the Company. Mr. Liu graduated from Hebei Normal College (河北師範學院) specializing in Chinese language and literature in 1988. Mr. Liu served as the office supervisor of Baoding Electronics Industry Bureau’s Labour Services Company (保定市電子工業局勞動服務公司) in 1989. He worked as the office supervisor of Baoding Taihang Automobile Parts and Components Factory (保定市太行汽車零部件廠) in 1992. He has 16 years of experience in administration and management. He was appointed as the general manager of the Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經營中心) in 2001. Mr. Liu has been acting as the vice chairman of the Company since June 2001.

**Ms. Wang Feng Ying (王鳳英女士)** (“Ms. Wang”), aged 43, is an executive director and the general manager of the Company. Ms. Wang is responsible for formulating operation and management strategies of the Company. Ms. Wang graduated from Tianjin Institute of Finance (天津財經學院) in 1999 and obtained a master’s degree in economics. Ms. Wang has over 10 years of experience in sales and marketing management. Ms. Wang joined the Company in 1991. She has been acting as an executive director of the Company since June 2001 and has been acting as the general manager of the Company since November 2002. She is concurrently the general manager of Baoding Great Wall Automobile Sales Company Limited (保定長城汽車銷售有限公司).

**Mr. Hu Ke Gang (胡克剛先生)** (“Mr. Hu”), aged 68, is an executive director and a deputy general manager of the Company. Mr. Hu graduated from Hebei University (河北大學) with a major in law in 1987. He was recognised as a senior economist by Council for Qualification Review of Senior Positions in Private Technology Institutions, Hebei (河北省民辦科技機構高級職務資格評委會) in 1996. Mr. Hu held the positions of deputy factory head of Post and Telecommunications Equipment Factory (郵電器材機械廠) in 1980 and the deputy factory head of Baoding Taihang Construction Equipment Factory (保定太行建築設備廠) in 1986. Mr. Hu has over 30 years of experience in corporate operations management. Mr. Hu joined the Company in 1995 and he has been acting as a deputy general manager of the Company since May 2005 and an executive director of the Company since June 2007.

## Section 10 Directors, Supervisors, Senior Management and Employees

**Ms. Yang Zhi Juan (楊志娟女士)** (“Ms. Yang”), aged 47, is an executive director of the Company. She graduated from Hebei University (河北大學) with a major in law in 1987 and was admitted to practise law in the PRC in 1989. Between 1989 and 1994, she worked as a part-time lawyer in Hebei Ping Chuan Law Firm (河北平川律師事務所) (formerly known as Baoding Third Law Firm (保定市第三律師事務所)). Since 1991, she had acted as the office supervisor and assistant to general manager in Baoding Taihang Group Company (保定太行集團公司). Ms. Yang joined the Company in 1999, and had served as the general office supervisor of Baoding Great Wall Huabei Automobile Company Limited (保定長城華北汽車有限責任公司) and the head of investment management department of the Company. She also participated in the preparation and establishment of a number of companies, including Baoding Great Wall Huabei Automobile Company Limited (保定長城華北汽車有限責任公司), Baoding Great Wall Internal Combustion Engine Manufacturing Company Limited (保定長城內燃機製造有限公司) and the branches of the Company in Tianjin and Xushui as well as carrying out the projects of these companies. Ms. Yang is the assistant to the head of the engineering institute of the Company.

### Non-Executive Directors

**Mr. He Ping (何平先生)** (“Mr. He”), aged 37, is a non-executive director of the Company. He graduated from Fudan University (復旦大學) with a major in international economic law in 1997 and obtained a bachelor’s degree in law. He worked as an intern in Shanghai branch of Jun He Law Offices (君合律師事務所) in 1996. Since June 1997, he had worked in the investment banking headquarters of China Southern Securities Company Limited (南方證券有限責任公司). From March 2002 to December 2005, Mr. He Ping successively acted as the deputy general manager and general manager at the investment banking headquarters of Guo Du Securities Company Limited (國都證券有限責任公司). Since December 2010, Mr. He has worked as the director of the investment department of Beijing Hong Yi Yuan Fang Investment Consultants Advisor Company Limited (北京弘毅遠方投資顧問有限公司). In October 2012, Mr. He was re-appointed as the general manager of its risk control and compliance department. Mr. He has been acting as a non-executive director of the Company since 2002.

**Mr. Niu Jun (牛軍先生)** (“Mr. Niu”), aged 39, is a non-executive director of the Company. He graduated from Hebei University of Science and Technology (河北科技大學) with a major in marketing in 1996. In the same year, he joined the marketing and sales department of Baoding Great Wall Motor Industry Company (the predecessor of the Company), where he was responsible for the sales of automobiles and logistics management successively. In 2001, he acted as the sales and marketing manager of Baoding Great Wall Automobile Sales Network Company Limited (保定市長城汽車營銷網絡有限公司). In 2002, he acted as the general manager of Baoding Ants Logistics Company Limited (保定市螞蟻物流網絡有限公司). Since October 2007, Mr. Niu has been acting as the general manager of Hebei Baocang Expressway Co., Ltd. (河北保滄高速公路有限公司). Mr. Niu has extensive experience in sales management. Mr. Niu has been acting as a non-executive director of the Company since July 2003.

### Independent Non-executive Directors

**Ms. Wei Lin (韋琳女士)** (“Ms. Wei”), aged 50, is a professor and master supervisor, and an independent non-executive director of the Company. Ms. Wei graduated from Tianjin University of Finance & Economics (天津財經大學) with a major in accounting in 1986 and acted as a teaching fellow in the university. She also obtained an MBA degree from the MBA program jointly organised by Tianjin University of Finance & Economics (天津財經大學) and Oklahoma City University of the USA in 1990. She was promoted as a professor in 2003 and obtained her doctorate degree in management studies (accounting) in 2004 and has been serving as the deputy director of the Accounting Department in the Business School and deputy secretary of the Business School at Tianjin University of Finance & Economics (天津財經大學) since 2005. She is also a member of the China Accounting Society (中國會計學會) and holds a certificate of qualification as Senior International Finance Manager, focusing on research of corporate finance and cost management. Ms. Wei has been acting as an independent non-executive director of the Company since May 2008.

**Mr. He Bao Yin (賀寶銀先生)** (“Mr. He”), aged 49, is an independent non-executive director of the Company. He graduated from the postgraduate school of China University of Political Science and Law (中國政法大學) with a LL.M. in 1987. He taught at Beijing College of Economics Study (北京經濟學院) (now known as Capital University of Economics and Business (首都經濟貿易大學)) from 1987 to 1992, and received the title of lecturer in 1991. He is the founding partner establishing Jincheng Tongda & NEAL (北京金誠同達律師事務所) in 1993 and since then he has been practicing as a lawyer. He is currently a legal advisor of various companies such as Lucky Film Co., Ltd. (樂凱膠片股份有限公司), Baoding Tianwei Baobian Electric Co., Ltd. (保定天威保變電氣股份有限公司) and Baoding Swan Co., Ltd. (保定天鵝股份有限公司). He is an arbitrator of China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會). Mr. He has been acting as an independent non-executive director of the Company since May 2008.

**Mr. Li Ke Qiang (李克強先生)** (“Mr. Li”), aged 51, is a professor and an independent non-executive director of the Company. Mr. Li graduated from the Department of Automotive Engineering at Tsinghua University (清華大學) in 1985 and obtained a doctorate degree in engineering from Chongqing University (重慶大學) in 1995. He is currently the head of the Department of Automotive Engineering and a supervisor of doctorate postgraduates at Tsinghua University (清華大學), the vice-president of Society of Automotive Engineers of Beijing (北京市汽車工程學會), a fellow and special expert of the Society of Automotive Engineers of China (中國汽車工程學會) and a member of the editorial board of International Journal of ITS Research. He specializes in the research of intelligent automobile, intelligent traffic system, car-load control system for hybrid electric vehicle (HEV) as well as analysis and control of noises and vibrations in automobiles. Mr. Li is one of the inventors of patents registered in China and several overseas countries for more than twenty projects such as self-adapting control device for novel automobiles, tandem brake system for hybrid vehicles and electric control gear-shifting device for four-wheel drive vehicles. Mr. Li has been acting as an independent non-executive director of the Company since May 2008.

**Mr. Wong Chi Hung, Stanley (黃志雄先生)** (“Mr. Wong”), aged 50, is an independent non-executive director of the Company. He is a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Mr. Wong holds a bachelor’s degree in accounting from the University of Kent at Canterbury, the United Kingdom and a master’s degree in senior management and business administration from Peking University (北京大學). Mr. Wong has more than 26 years of experience in auditing, accounting and financial advisory services. In November 2009, Mr. Wong joined Hongri International Company Limited (紅日國際控股有限公司) as the chief financial officer. Mr. Wong was appointed as an independent non-executive director of the Company on 26 November 2010, of Huafeng Group Holdings Limited (華豐集團控股有限公司) (renamed as Ping Shan Tea Group Limited (坪山茶業集團有限公司) on 24 September 2013) on 31 July 2012 and of China Pioneer Pharma Holdings Limited (中國先鋒醫藥控股有限公司) on 16 October 2013.

## Supervisors

**Mr. Zhu En Ze (朱恩澤先生)** (“Mr. Zhu”), aged 68, is a supervisor of the Company. He graduated from Agricultural University of Hebei (河北農業大學) in 1970. Prior to joining the Company, he was the Deputy Chief of Nanshi District, Baoding and the Chairman of the Standing Committee of the Nanshi District People’s Congress. Mr. Zhu joined the Company in July 2003 as the Committee secretary of the Communist Party of China of the Company.

**Ms. Yuan Hong Li (袁紅麗女士)** (“Ms. Yuan”), aged 54, a supervisor of the Company, graduated from the College of Economics Studies at Hebei University (河北大學), majoring in economic management in 1999 and has 18 years of experience in administration and management. Ms. Yuan has been acting as a supervisor of the Company since June 2001.

**Ms. Luo Jin Li (羅金莉女士)** (“Ms. Luo”), aged 54, is a supervisor of the Company. She graduated from Hebei Normal University (河北師範大學) with a major in physics in July 1982. In September 1982, Ms. Luo joined the 24th High School of Baoding (保定二十四中學) as a physics teacher. In March 1983, she joined the labour education office of Baoding Transportation Group Company (保定運輸總公司), responsible for human resources management. Ms. Luo joined the personnel department of Hebei University (河北大學) in December 1993 and has been responsible for human resources management. She was accredited as an economist in March 1989, a senior political work professional in July 1999, a senior economist in December 2009 and an official senior economist in December 2012. Ms. Luo has been acting as a supervisor of the Company since September 2003.

## Senior Management

**Mr. Hu Shu Jie (胡樹杰先生)** (“Mr. Hu”), aged 42, is a deputy general manager of the Company. Mr. Hu graduated from Hebei University (河北大學) in 1994 with a major in history in 1994 and acted as component department head of Boading Yuanda Group (保定市遠達集團) in 1994. He joined the Company in 1996 and worked in Baoding Great Wall Automobile Sales Network Company Limited (保定市長城汽車營銷網絡有限公司) as the head of external affairs department, manager of the information management department, marketing manager and deputy general manager successively between 1996 and 2002. He acted as the general manager of Baoding Great Wall Automobile After-sales Services Company Limited (保定市長城汽車售後服務有限公司) in June 2002 and was appointed as the general manager of the first manufacturing division of the Company in April 2003. Mr. Hu was appointed as the general manager of the second manufacturing division of the Company in May 2005 and has been acting as a deputy general manager of the Company since December 2005.

**Mr. Huang Yong (黃勇先生)** (“Mr. Huang”), aged 45, is a deputy general manager of the Company and supervisor of the technology center. Mr. Huang graduated from Beihang University (北京航空航天大學) in 1991. He joined the Company in 1992 and has acted as the head of the technology department, head of the supporting facilities department and deputy director of the technology research institute of the Company. Now, he is mainly responsible for automobile development. Mr. Huang has been acting as a deputy general manager of the Company since March 2006.

**Mr. Zhang Xin (張鑫先生)** (“Mr. Zhang”), aged 44, is a deputy general manager of the Company. Mr. Zhang graduated from Hebei Party School (河北黨校) with a major in economics management in 2003. He worked in Great Wall Automobile Sales Network Company Limited (長城汽車營銷網絡有限公司) as the head of the business department, manager of customer services department, manager of logistics department, manager of marketing management department and deputy general manager successively from 1992 to 2005. He acted as the general manager of Great Wall Automobile After-sales Services Company Limited (長城汽車售後服務有限公司) in July 2005. Mr. Zhang has been acting as a deputy general manager of the Company since June 2006.

## Section 10 Directors, Supervisors, Senior Management and Employees

**Mr. Zheng Chun Lai (鄭春來先生)** (“Mr. Zheng”), aged 44, is a deputy general manager of the Company. He joined the Company in 1986 and has been working in the Company since then. In 1991, Mr. Zheng was assigned to establish Baoding Taihang Automobile Parts and Components Factory (保定市太行汽車零部件廠) and acted as the factory head. In 1994, he established Baoding Xin Cheng Automobile Development Company Limited (保定市信誠汽車發展有限公司) and acted as its general manager until 2008. He is the general manager of Baoding Nuobo Rubber Manufacturing Company Limited (保定市諾博橡膠製品有限公司). Mr. Zheng has more than 20 years of experience in corporate management, manufacturing and sales of automobile parts and components. Mr. Zheng has been acting as a deputy general manager of the Company since March 2007.

**Mr. Hao Jian Jun (郝建軍先生)** (“Mr. Hao”), aged 41, is a deputy general manager of the Company. Mr. Hao joined Taihang Group (太行集團) in 1993, and engaged in the work of stamping and tooling manufacturing, accumulating rich experience in tooling manufacturing. He joined Great Wall Baoding Vehicle Axles Company Limited (保定長城汽車橋業有限公司) in 1997 and was appointed as a supervisor of the tooling plant, completing the design and development of the tools for front and rear axles of certain automobile models. In 2004, Mr. Hao started to prepare for the establishment of the tooling center of the Company and was appointed as the general manager of the tooling center in March 2005. Mr. Hao was appointed as a deputy general manager of the Company in November 2006. He is responsible for the work related to the entities including Great Wall Automobile Engineering Center (長城汽車工程院), automation business department and Xushui Clean Heat Supplying Company Limited (徐水縣科林供熱有限公司).

**Mr. Xing Wen Lin (邢文林先生)** (“Mr. Xing”), aged 44, is a deputy general manager of the Company. He joined Great Wall Motor in 1991 and was responsible for sales. Mr. Xing served as the deputy general manager of Baoding Great Wall Automobile Sales Company Limited (保定長城汽車銷售有限公司) from February 1998 to February 2001, as the general manager of its market development department from February 2001 to February 2002, and as the general manager of its international department from February 2002 to April 2010. Since April 2010, Mr. Xing has been acting as a deputy general manager of the Company and is responsible for after-sales services and services for guaranteed repairment, guaranteed replacement and guaranteed refund.

**Mr. Dong Ming (董明先生)** (“Mr. Dong”), aged 44, is a deputy general manager of the Company. Mr. Dong graduated from Minzu University of China (中央民族大學) with a major in economic management. From September 1992 to September 2004, he had served in various positions successively in China Logistics News (中國物資報) and China Times (華夏時報), including reporter, editor, deputy director of special edition department and deputy director of economic news department. Mr. Dong joined the Company in September 2004 and had served in various positions successively, including the manager of the public relations department of a marketing company, assistant to the general manager of the Company and deputy general manager of a marketing company. He has been acting as the deputy general manager of the Company since April 2010.

**Mr. Chai Wan Bao (柴萬寶先生)** (“Mr. Chai”), aged 66, is a deputy general manager of the Company. He graduated from Air Force Engineering University (空軍工程大學) with a major in aircraft engines in 1969. Mr. Chai served in the 19th Air Force Division from 1969 to 1975, and worked in Zhengzhou Light Truck Factory (鄭州輕型汽車廠) as an engineer from 1975 to 1992, and as a deputy chief designer from 1992 to 2003 in Zhengzhou Nissan Company (鄭州日產公司). Mr. Chai joined the Company in 2004 and was appointed as a deputy general manager of the Company in 2007.

## Section 10 Directors, Supervisors, Senior Management and Employees

**Mr. Zhao Guo Qing (趙國慶先生)** (“Mr. Zhao”), aged 36, is a deputy general manager of the Company. He joined Great Wall Motor in 2000 and was responsible for the human resources management. Mr. Zhao possesses extensive knowledge of administration and management. He was appointed as the director of the administration department of Zhengzhou Great Wall (鄭州長城公司) in 2002. He joined the manufacturing division of the Company in 2003, and had served as the director of human resources department and management department of the manufacturing division and gained considerable management experience. He was appointed as the director of lean promotion department in 2005 and was responsible for the promotion of lean manufacturing of the Group. He was appointed as the deputy director of the technology research institute and the director of the supporting facilities management department of the Company in June 2006, responsible for the management of supporting facilities.

**Mr. Li Yan Qing (李彥青先生)** (“Mr. Li”), aged 47, is a deputy general manager of the Company. He joined the Company in 1999 and has served as the supervisor, director, deputy general manager and general manager of motor painting workshop of the manufacturing division, mainly responsible for the automobile manufacturing and production management. He improved the quality and production capacity of Deer pick-up model and accumulated extensive experience in automobile production and management. Mr. Li was appointed as the director of lean management department of the Company in 2008, responsible for the lean production and cost control of the Company. Since September 2008, Mr. Li has commenced the preparation work for the establishment of Tianjin branch of the Company.

**Mr. Zhang Wen Hui (張文輝先生)** (“Mr. Zhang”), aged 38, is a deputy general manager of the Company. Mr. Zhang joined the Company in 2000 and was responsible for secretarial work and procurement. He was the secretary to general manager and deputy director of the supply division of GW Huabei Company (長城華北公司). In 2001, he was the director of the supply division of the main business department (事業一部) of the Company. In 2003, he was transferred to the supporting facilities management department as the deputy manager. He was transferred to GW Internal Combustion Engine Company (長城內燃機公司) in 2005, responsible for its daily management and served as its deputy general manager and general manager. In 2010, Mr. Zhang was appointed as the manager of the operation management department of the Company, mainly responsible for strategic management, lean promotion, price management and management innovation. He was appointed as a deputy general manager of the Company on 13 January 2012. In September 2012, he was transferred to strategic management department, and was appointed as a deputy general manager and the head of strategic management department of the Company, mainly responsible for strategic management and project management, performance management, investment management, etc.

**Ms. Li Feng Zhen (李鳳珍女士)** (“Ms. Li”), aged 51, is the deputy general manager and chief financial controller of the Company. Ms. Li graduated from Hebei Finance Institute (河北財經學院) with a major in accountancy in 1993. She is qualified as a PRC registered accountant, PRC registered valuer and PRC registered tax adviser. In 1997, she completed the relevant qualification examination on securities business for registered accountants and obtained a certificate of qualification. Ms. Li has worked as a financial accountant in enterprises for 15 years and has been engaged in auditing work in accounting firms for seven years. Ms. Li has successively worked as the accounting head, financial manager and financial director of the management department. Ms. Li also worked as the department manager and deputy director of Baoding Accounting Firm (保定會計師事務所) from 1994 to 2000. She worked as the project manager of Beijing Xinyong Accounting Firm (北京信永會計師事務所) from 2000 to 2001. Ms. Li joined the Company in 2001 and was appointed as the chief financial controller of the Company in May 2005 and has been a deputy general manager of the Company since June 2010. In 2012, Ms. Li received “2012 Innovative CFO Award of CFO for the Year in China” (2012中國CFO年度人物之創新CFO獎) at “The 6th China CFO annual meeting cum 2012 China CFO for the Year Award” (第六屆中國CFO年會暨2012中國CFO年度人物評選).

### Company Secretary

**Mr. Xu Hui (徐輝先生)** (“Mr. Xu”), aged 35, is the secretary to the Board and joined the Company in July 2001. Since the Company’s successful listing on the Hong Kong Stock Exchange in 2003 and the Shanghai Stock Exchange in 2011, Mr. Xu has been the key personnel in organising the Company’s general meetings and board meetings as well as coordinating the work in relation to A Shares and H Shares of the Company. He has been acting as the head of securities and legal affairs department (investment and development department was renamed as securities and legal affairs department in 2010) of the Company since July 2008. Mr. Xu was appointed as the secretary to the Board on 7 June 2010.

### Directors’ and Supervisors’ Service Agreements and Letters of Appointment

In May 2011, the Company entered into service agreements with each of the executive directors and supervisors, and entered into appointment letters with each of the non-executive directors and independent non-executive directors re-appointed in 2011. Pursuant to the above service agreements and appointment letters, the terms of directors are three years expiring upon the expiry of the fourth session of the Board, and that of supervisors will expire upon the expiry of the fourth session of the Supervisory Committee. Save as disclosed above, none of the directors or supervisors had entered into or proposed to enter into any other service contracts with the Company or its subsidiaries, nor any service contracts not determinable by the employer within one year without payment of compensation (other than statutory compensation).

### Independence of Independent Non-Executive Directors

All independent non-executive directors have provided the Company with annual confirmation as to their independence as independent non-executive directors pursuant to Rule 3.13 of the Hong Kong Listing Rules during their terms of appointment. Based on such confirmation, the Company considers all independent non-executive directors to be independent.

### Interests of Controlling Shareholders, Directors and Supervisors in Material Contracts

Save for those transactions described in item IV of Section 8, none of the controlling shareholders or their subsidiaries, directors or supervisors was or had been materially interested, whether directly or indirectly, in any contract subsisting during 2013 or at the end of 2013 which was significant to the business of the Company or any of its subsidiaries.

## II. Term of office of existing and resigned/retired directors, supervisors and senior management during the Reporting Period

### (I) Positions held in the Company's shareholders

Name	Name of the Company's shareholders	Positions held in the Company's shareholders	Term commencement date	Term expiration date
Wei Jian Jun	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	Chairman and general manager	—	—
Wei Jian Jun	Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司)	Executive director and general manager	—	—
Liu Ping Fu	Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	Vice chairman	—	—

Baoding Wangsheng Investment Company Limited (保定市旺盛投資有限公司) (controlling shareholder of Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)) is an indirect shareholder of the Company.

### (II) Positions held in other entities

Name	Name of the other units	Position in other units	Appointment date	End date of appointment
Wei Jian Jun	Xushui Lukang Planting Co. Ltd. (徐水縣綠康種植有限公司)	Executive director	—	—
Wei Jian Jun	Baoding Great Wall Pioneer Enterprise Investment Company Limited (保定市長城創業投資有限公司)	Chairman of the board of directors and general manager	—	—
Wei Jian Jun	Hebei Baocang Expressway Co. Ltd. (河北保滄高速公路有限公司)	Director	—	—
Wei Jian Jun	Baoding Taihang Steel Structure Engineering Co., Ltd. (保定太行鋼結構工程有限公司)	Director	—	—
Wei Jian Jun	Baoding Bochuang Real Estate Development Company Limited. (保定市博創房地產開發有限公司)	Executive director	—	—
Hu Shu Jie	Baoding Jiehua Motor Spare Parts Company Limited (保定杰華汽車零部件有限公司)	Director	—	—
Hu Shu Jie	Baoding Yanfeng Johnson Controls Automotive Seat Co., Ltd. (保定延鋒江森汽車座椅有限公司)	Director	—	—



## Section 10 Directors, Supervisors, Senior Management and Employees

Name	Name of the other units	Position in other units	Appointment date	End date of appointment
Liu Ping Fu	Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經營中心)	General manager	—	—
Niu Jun	Hebei Baocang Expressway Co., LTD (河北保滄高速公路有限公司)	Director and general manager	—	—
He Ping	Beijing Hong Yi Yuan Fang Investment Consultants Advisor Company Limited (北京弘毅遠方投資顧問有限公司)	General manager of the Risk Control and Compliance Department	—	—
He Bao Yin	Beijing Jincheng Tongda Law Office (北京金誠同達律師事務所)	Partner	—	—
He Bao Yin	China SDIC International Trade Co., Ltd (中國國投國際貿易有限公司)	External director	—	—
He Bao Yin	Henan Yingtai Agrochemical Co., Ltd (河南穎泰農化股份有限公司)	Independent director	—	—
He Bao Yin	China International Economic and Trade Arbitration Commission (中國國際經濟貿易仲裁委員會)	Arbitrator	—	—
Li Ke Qiang	Hubei Kait Automotive Electronic & Electrical Systems Co., Ltd. (湖北開特汽車電子電器系統股份有限公司)	Independent director	—	—
Li Ke Qiang	Baotou BeiBen Heavy-Duty Truck CO., LTD. (包頭北方奔馳重型汽車有限責任公司)	Independent director	—	—
Li Ke Qiang	Iat Automobile Technology CO. LTD. (阿爾特汽車技術股份有限公司)	Independent director	—	—
Li Ke Qiang	China Changan Automobile Group CO., LTD. (中國長安汽車集團股份有限公司)	Independent director	—	—
Li Ke Qiang	Society of Automotive Engineers of Beijing (北京市汽車工程學會)	Vice president	—	—
Li Ke Qiang	Society of Automotive Engineers of China (中國汽車工程學會)	Fellow member/ expert consultant	—	—
Wong Chi Hung, Stanley	Hongri International Company Limited (紅日國際控股有限公司)	Director	—	—
Wong Chi Hung, Stanley	KBS International Holding Co., Ltd. (KBS國際控股有限公司)	Director/CFO	—	—
Wong Chi Hung, Stanley	Roller Rome Ltd	Director	—	—
Wong Chi Hung, Stanley	France Cock (China) Limited (法國公雞(中國)有限公司)	Director	—	—
Wong Chi Hung, Stanley	Gaozhao Investment Company Limited (高兆投資有限公司)	Director	—	—
Wong Chi Hung, Stanley	Ping Shan Tea Group Limited (坪山茶業集團有限公司)	Independent non-executive director	—	—
Wong Chi Hung, Stanley	China Pioneer Pharma Holdings Limited (中國先鋒醫藥控股有限公司)	Independent non-executive director	—	—
Zhu En Ze	Baoding Yanfeng Johnson Controls Automobile Seating CO., LTD (保定延鋒江森汽車座椅有限公司)	Supervisor	—	—
Zhang Xin	Baoding Jiehua Motor Spare Parts Company Limited (保定杰華汽車零部件有限公司)	Director	—	—
Zhang Xin	Baoding Yanfeng Johnson Controls Automobile Seating CO., LTD (保定延鋒江森汽車座椅有限公司)	Director	—	—
Hao Jian Jun	Baoding Jiehua Motor Spare Parts Company Limited (保定杰華汽車零部件有限公司)	Director	—	—

The details of the directors, supervisors and senior management disclosed above are their positions held in non-controlling shareholders of the Company.

### III. Remuneration of directors, supervisors and senior management

Decision-making process for determining remuneration of directors, supervisors and senior management	The Board has set up a Remuneration Committee, which conducts evaluation of directors and senior management according to the performance appraisal standards and procedures, and makes reasonable recommendations on remuneration of directors and senior management based on their evaluation results and the Company's operating results.
Basis of determination of remuneration of directors, supervisors and senior management	According to the Company's remuneration policy, the annual remuneration of directors, supervisors and senior management is paid by the Company on a monthly basis. Year-end bonuses are given to executive directors and senior management based on the Company's operating results and appraisal results at the end of the year.
Remuneration payable to directors, supervisors and senior management	For the actual amount paid to directors, supervisors and senior management according to the abovementioned principles, please refer to the table under "I. (I) The change in shareholdings and remuneration of existing and resigned/retired directors, supervisors and senior management during the Reporting Period" of this section.
Total remuneration actually received by all the directors, supervisors and senior management at the end of the Reporting Period	As at the end of the Reporting Period, the total amount of remuneration actually received by all the directors, supervisors and senior management from the Company was RMB24,390,000.

### IV. Change in the Company's directors, supervisors and senior management

There was no change in the Company's directors, supervisors or senior management during the Reporting Period.

### V. The Company's core technical team or key technical staff

During the Reporting Period, the part of the Company's workforce that had significant impact on the Company's core competitiveness, including the Company's core technical team or key technical staff, remained stable and unchanged.

## VI. Employees of the Company and major subsidiaries

### (I) Employees

Number of serving employees of the Company	43,023
Number of serving employees of major subsidiaries	21,696
The total number of serving employees	64,719
Number of disengaged and retired employees for whom the Company and its major subsidiaries shall be liable to expenses	222

#### **Composition of employees by profession**

<b>Profession</b>	<b>Number</b>
Manufacturing personnel	29,648
Sales	6,856
Technicians	10,905
Financial personnel	695
Administrators	5,038
Others	11,577
Total	64,719

#### **Education level**

<b>Education levels</b>	<b>Number (person)</b>
Doctoral degree holders	21
Master degree holders	627
Undergraduate degree holders	10,447
College graduates	15,099
Graduates of high school or below	38,525
Total	64,719

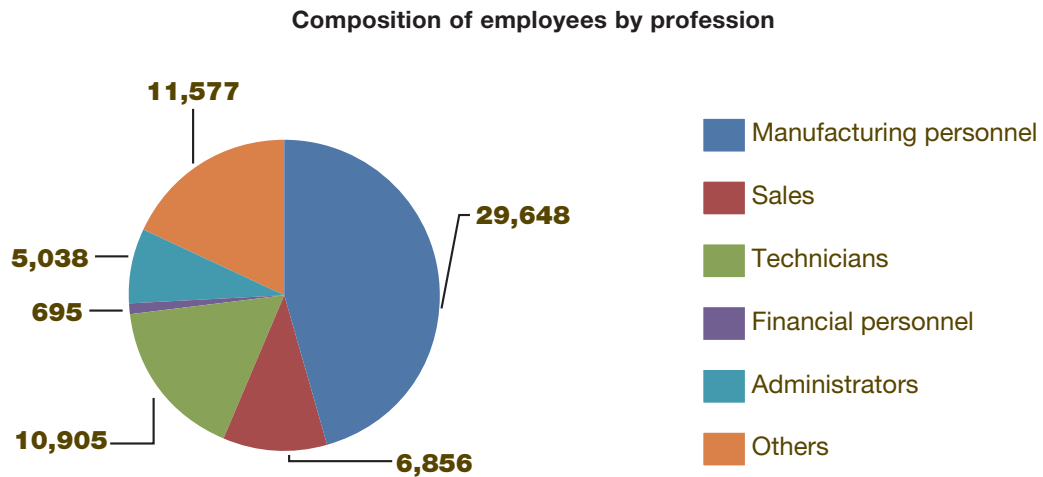
### (II) Remuneration policy

In order to ensure the Company's sustainable development by increasing its employees' productivity and their motivation, the Company has designed a market-based remuneration structure. The remuneration of the Company's employees comprises salaries based on their positions, allowances based on their seniority and payments based on their performance. Such remuneration structure ensures that high remuneration incentives will be given to those employees whose positions are highly valued by the Company, who are highly capable and who have outstanding performance.

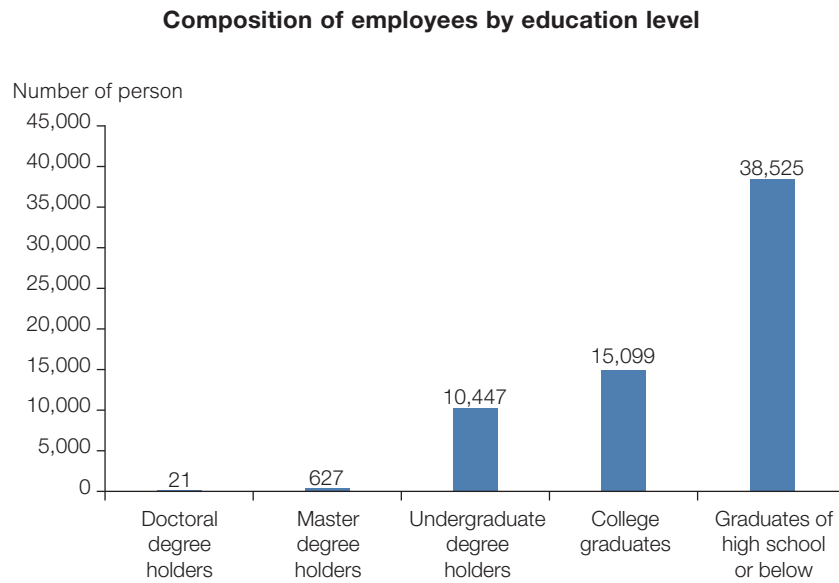
### (III) Training Program

To uphold its training philosophy of "talents will make an enterprise strong", the Company aim at enhancing all its employees' abilities, strengthening the foundation for its employees' training, innovating the ways to train up talents, and focusing on training up its core talents. As a result, the Company's training to its employees is effective which help the Company to implement its business strategies.

**(IV) Chart of composition of employees by profession**



**(V) Chart of composition of employees by education level**



**(VI) Subcontracting**

Total working hours for subcontracting	1,374,902.61 hours
Total remuneration paid for subcontracting	RMB86,643,745.17

# Section 11 Corporate Governance Report

## I. Description on Corporate Governance and Registration and Management of Insiders

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

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

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

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

Reasons should be provided for any discrepancies between the corporate governance of the Company and the Company Law and the relevant requirements of the CSRC.

At present, the Company has a sound corporate governance structure, and there are no discrepancies between its corporate governance and the relevant requirements of the CSRC.

## II. Summary of the General Meetings

Session	Date of general meeting	Short title of resolution proposed	Passed or not	Designated website on which the resolution was published	Publication date of the resolution
2012 annual general meeting	10 May 2013	1. Resolution on the Audited Financial Statements for the Year 2012 (關於2012年度經審核財務會計報告的議案); 2. Resolution on the Report of the Directors for the Year 2012 (關於2012年度〈董事會工作報告〉的議案); 3. Resolution on the Profit Distribution Proposal for the Year 2012 (關於2012年度利潤分配方案的議案); 4. Resolution on the Annual Report of the Company for the Year 2012 and Its Summary Report (關於2012年年度報告及摘要的議案); 5. Resolution on the Report of the Independent Directors for the Year 2012 (關於2012年度〈獨立董事述職報告〉的議案); 6. Resolution on the Report of the Supervisory Committee for the Year 2012 (關於2012年度〈監事會工作報告〉的議案); 7. Resolution on the Strategies of the Company for the Year of 2013 (關於2013年度公司經營方針的議案); 8. Resolution on the Appointment of Accounting Firm (關於聘任會計師事務所的議案).	All proposed resolutions were passed	Shanghai Stock Exchange www.sse.com.cn; The Hong Kong Exchanges and Clearing Limited www.hkexnews.hk	10 May 2013
The first extraordinary general meeting for 2013	26 June 2013	1. Resolution on the Absorption and Merger of the Wholly-owned Subsidiaries of the Company (關於吸收合併全資子公司的議案); 2. Resolution on the Adjustment on Use of Proceeds and the Reallocation of Remaining Proceed from Certain Projects in Other Projects of the Company (關於募投項目預算調整及部分募投項目節餘資金用於其他募投項目的議案).	All proposed resolutions were passed	Shanghai Stock Exchange www.sse.com.cn; The Hong Kong Exchanges and Clearing Limited www.hkexnews.hk	26 June 2013

### III. Performance of Duties by Directors

#### (I) Attendance of directors at Board meetings and general meetings

Name of director	Independent director	Attendance at Board meetings						Attendance at general meetings		
		No. of meetings during the Year	Attendance in person	Attendance by means of communications	Attendance by proxy	Absent from meetings for two consecutive times	Attendance rate for Board meetings	Attendance at general meetings	Attendance rate for general meetings	
Wei Jian Jun	No	8	8	4	0	0	No	100%	2	100%
Wang Feng Ying	No	8	8	4	0	0	No	100%	2	100%
Liu Ping Fu	No	8	8	4	0	0	No	100%	2	100%
Hu Ke Gang	No	8	8	4	0	0	No	100%	2	100%
Yang Zhi Juan	No	8	8	4	0	0	No	100%	2	100%
He Ping	No	8	7	4	1	0	No	100%	0	0%
Niu Jun	No	8	8	4	0	0	No	100%	2	100%
He Bao Yin	Yes	8	7	4	1	0	No	100%	0	0%
Li Ke Qiang	Yes	8	6	4	2	0	No	100%	0	0%
Wei Lin	Yes	8	8	4	0	0	No	100%	0	0%
Wong Chi Hung, Stanley	Yes	8	8	4	0	0	No	100%	0	0%

During the Reporting Period, none of the members of the Board of the Company failed to attend Board meetings in person for two consecutive times.

No. of Board meetings held during the Year	8
Including: no. of on-site Board meetings	2
No. of Board meetings convened by communication means	4
No. of Board meetings held both on site and by communication means	2

The Company held two general meetings in 2013 at which one non-executive director and four independent non-executive directors did not attend because they were not at Baoding at the relevant times. However, they all attended the relevant Board meetings in connection with the matters to be considered in the general meetings. All the directors, including independent non-executive directors and non-executive directors, are aware that they should attend general meetings and develop a balanced understanding of the views of the shareholders.

Note: The means of communication mentioned above include electronics means of communication and circulation of written proposals. During the Year, all the directors of the Company attended four regular Board meetings either in person or through electronics means of communication.

#### (II) Disagreement of the independent directors on matters related to the Company

During the Reporting Period, the independent directors (independent non-executive directors) of the Company have no disagreement on matters considered and approved by the Board.

#### **IV. Major Opinions and Recommendations Made by Special Committees under the Board in Performing Their Duties during the Reporting Period**

The duties performed by the special committees under the Board during the Reporting Period are summarized as follows: the Audit Committee under the Board played an important role in the auditing of the 2013 annual report. During the auditing, the Audit Committee has enhanced the communication with the auditor and solved the problems in a timely manner to ensure the completion of the auditor's report as scheduled. The Audit Committee also reviewed the auditor's report of the Company and submitted the same to the 32nd meeting of the 4th session of the Board for voting. The Remuneration Committee under the Board is mainly responsible for formulating and reviewing the remuneration policies in relation to the directors and employees at managerial level while the Nomination Committee is mainly responsible for making recommendations regarding the candidates, appointment and dismissal of directors and senior management of the Company. During the Reporting Period, the Audit Committee reviewed and provided valuable opinions on the relevant financial reports including the quarterly and interim reports.

#### **V. Risks of the Company Identified by the Supervisory Committee**

During the Reporting Period, the Supervisory Committee of the Company has no disagreement with the Board on matters under the Supervisory Committee's supervision.

#### **VI. Description on the Lack of Independency and Operational Autonomy of the Company from its Controlling Shareholder in respect of Business, Employees, Assets, Organization and Finance**

Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司), the controlling shareholder of the Company, was independent from the Company in terms of business operation and production. During the Reporting Period, the controlling shareholder did not, directly or indirectly, interfere with the decision-making or operation of the Company by overriding the power of the general meetings of the Company. The Company is independent from the controlling shareholder in respect of employees, assets, finance, organization and business, and none of its procurement or product sales was conducted via the controlling shareholder. The Company has its own independent business and autonomous operation capability, and the Board, the Supervisory Committee and other internal organizations can operate independently.

In short, the Company is independent from the controlling shareholder and has operational autonomy in respect of business, employees, assets, organization and finance.

#### **VII. Appraisal System for Senior Management and Establishment and Implementation of Incentive System during the Reporting Period**

During the Reporting Period, the Company, based on its operation and the achievement of relevant targets, conducted performance appraisals on the members of senior management and gave awards to or imposed punishments on them accordingly. In addition, the Company continued to develop an effective incentive mechanism to motivate the members of its senior management.



## VIII. Others

The Company is committed to enhancing its corporate governance standard by improving its transparency, independence, accountability and fairness. The Company has adopted appropriate measures to comply with the Corporate Governance Code as set out in Appendix 14 to the Hong Kong Listing Rules and its principles. During the Year, the Company has met the code provisions of the Corporate Governance Code. Set out below is a summary of the corporate governance practices of the Company and, if any, the explanation of deviation from the Corporate Governance Code set out in the Hong Kong Listing Rules.

### Principal Corporate Governance Principles and Practices of the Company

#### A. Board of Directors

The board should have a balance of skills and experience appropriate for the requirements of the business of the company.

The members of the Board are as follows:

##### Executive Directors:

Mr. WEI Jian Jun (*Chairman*)  
 Mr. LIU Ping Fu (*Vice-chairman*)  
 Ms. WANG Feng Ying (*General Manager*)  
 Mr. HU Ke Gang  
 Ms. YANG Zhi Juan

##### Non-Executive Directors:

Mr. HE Ping  
 Mr. NIU Jun

##### Independent Non-Executive Directors:

Ms. WEI Lin  
 Mr. HE Bao Yin  
 Mr. LI Ke Qiang  
 Mr. WONG Chi Hung, Stanley

- All independent non-executive directors have complied with the guidelines on independence set out under Rule 3.13 of the Hong Kong Listing Rules and have not violated any provision thereunder throughout the Year.
- There is no relationship, whether financial, business, family or other material relationship, among members of the Board.
- The biographies of directors are set out in Section 10.

Deviation: NIL

*The unique role of the chairman and the chief executive officer.*

- The positions of chairman and general manager were served by different individuals.
- The chairman is responsible for overseeing operations of the Board and formulating the strategies and policies of the Company, while the general manager is responsible for managing the business of the Company.

## Section 11 Corporate Governance Report

- Mr. Wei Jian Jun served as the chairman of the Board of the Company, which is equivalent to the role of chairman, and is responsible for leading the Board and the agenda of the Board, and ensure that the Board works effectively.
- Ms. Wang Feng Ying served as the general manager of the Company, which is equivalent to the role of chief executive officer, and is responsible for the day-to-day operations of the Company and other matters authorised by the Board.

Deviation: NIL

*Non-executive directors should be appointed for a specific term, and all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after their appointment.*

- Pursuant to the Articles, “the directors shall be elected at a general meeting for a term of three years. Upon expiry of his term of office, a director may offer himself for re-election”. All the directors of the Company, including the independent non-executive directors and non-executive directors, were re-elected and re-appointed on 10 May 2011 for a term of three years.

Deviation: NIL

*The board should assume responsibility for leadership and control of the company and be collectively responsible for promoting the success of the company.*

- The Board meets regularly and Board meetings are held at least four times a year. The Board is responsible for formulating and reviewing the business direction and strategy for the relevant auditing period and for supervising the operating and financial performance of the Group. Where necessary, the Board will also convene extraordinary meetings to discuss matters requiring a decision by the Board on an ad hoc basis. The management is authorised to exercise discretion on day-to-day operation.
- The Board is accountable to the general meeting and discharges the following duties:
  - (1) to convene general meetings and report to the general meeting on their work;
  - (2) to implement resolutions of the general meetings;
  - (3) to determine operating plans and investment proposals of the Company;
  - (4) to prepare annual financial budgets and financial statements of the Company;
  - (5) to prepare proposals for profit distribution and making up losses of the Company;
  - (6) to prepare proposals for the increase or decrease in registered share capital and issue of bonds of the Company;

- (7) to prepare proposals for the mergers, segregation and dissolution of the Company;
- (8) to determine the internal management structure of the Company;
- (9) to appoint or remove the general manager of the Company, and on the basis of nomination by the general manager, to appoint or remove the deputy general manager, financial controller and other senior management personnel of the Company and to determine their remunerations;
- (10) to set up the basic management systems of the Company;
- (11) to prepare proposals for amendments to the Articles; and
- (12) other authorisations from the general meetings.

*The management is authorised at meetings of the board to exercise powers related to day-to-day operations.*

- The Articles clearly stipulate that the general manager of the Company is responsible for implementing various strategies and overseeing the day-to-day operations of the Company and is required to report to the Board on a regular basis.
- The Board will formulate the development strategies of the Company within its scope of authority. The management is authorised and entrusted by the Board to implement the strategies and oversee the day-to-day operations of the Company. The management is accountable to the Board.
- There are four committees under the Board. The Strategy Committee is responsible for assisting the Board in formulating strategies of the Board. The Audit Committee is responsible for supervising the financial conditions of the Company. The Remuneration Committee is responsible for formulating remuneration policies of the Company and supervising their implementations. The Nomination Committee is responsible for making recommendations to the Board regarding its size and composition and the standards and procedures for selecting directors and management members. The Strategy Committee provides recommendations to the management from time to time in accordance with the prevailing market environment and changes in policies. The Audit Committee, Strategy Committee, Nomination Committee and Remuneration Committee report to the Board on a regular basis.

## Section 11 Corporate Governance Report

<b>Audit Committee</b>	<b>Strategy Committee</b>	<b>Remuneration Committee</b>	<b>Nomination Committee</b>
Wei Lin ( <i>Chairman</i> )	Wei Jian Jun ( <i>Chairman</i> )	Wei Lin ( <i>Chairman</i> )	Li Ke Qiang ( <i>Chairman</i> )
He Bao Yin	Wang Feng Ying	He Bao Yin	He Bao Yin
Li Ke Qiang	Li Ke Qiang	Wei Jian Jun	Wei Jian Jun
Wong Chi Hung, Stanley	He Bao Yin		
	He Ping		

Deviation: NIL

*The board should meet regularly to discharge their duties. The board and its committees should be provided with sufficient information in a prompt manner.*

- During the Year, the Board held 8 meetings. Pursuant to the Articles, “meetings or extraordinary meetings of the Board may be convened by means of telephone or similar telecommunication facilities”.
- Regular meetings of the Board were held in the middle of the Year and at the end of the Year. Additional meetings were also held to consider important matters arising from time to time. Directors may attend such meetings in person or through other electronic means of communication.
- Notice was given to each director 14 days prior to a board meeting. Documents containing meeting agenda were sent to all directors four days before the date appointed for the relevant meeting.
- The secretary to the Board assisted the chairman of the Board in preparing the meeting agenda. The directors are allowed to submit proposed agenda items to the secretary to the Board before the date appointed for the relevant meeting.
- Minutes of board meetings and meetings of committees are kept by the secretary to the Board and are available for inspection by the directors at any time. Such minutes of the meeting recorded opinions and suggestions raised by the directors in the meeting. The final versions of such minutes were sent to directors for signing and confirmation.
- Transactions in which directors are deemed to have a conflict of interests or deemed to be materially interested will not be dealt with by written resolution. The relevant director will be allowed to attend the meeting but may not express any opinion and will be required to abstain from voting.
- The directors may seek independent professional advice on professional matters involved in the agenda at the expense of the Company.

### **Attendance of individual directors at Board meetings and general meetings in 2013**

Please refer to item III. (I) “Attendance of directors at Board meetings and general meetings” in this section.

### **Meetings of the Strategy Committee in 2013**

As there were no changes in the strategies of the Company in 2013, no meeting of the Strategy Committee was held during the Year.

Save for matters of significance of the Company to be determined by the Board, which are set out in the terms of reference of the Board, other issues relating to day-to-day operation are subject to the decision of the management, which reports to the Board.

The Company regularly provides all directors, whose names are set out on this section, with information in relation to their professional conduct and enhancement of their expertise for training purposes.

Deviation: NIL

*Every director is required to keep abreast of his responsibilities as a director of the company and of the conduct, business activities and development of the company.*

- The company secretary provides up-to-date information on trading of H Shares and A Shares of the Company in Hong Kong and in the PRC respectively on each trading day to the directors and committee members and keeps them abreast of the latest developments of the Group and business progress of the Company.
- Pursuant to the prevailing “Rules and Procedures of Independent Directors” (獨立董事工作制度), non-executive directors and independent non-executive directors are entitled to attend and convene Board meetings. All the committees of the Company currently comprise independent non-executive directors.

Deviation: NIL

### *Compliance with Model Code*

- The Company has complied with the Model Code set out in Appendix 10 of the Hong Kong Listing Rules and has not adopted any separate code of conduct with requirements more exacting than the Model Code. The Company has made specific enquiry to each director in respect of securities transactions by directors. None of the directors of the Company violated any provisions of the Model Code.

Deviation: NIL

**B. Remuneration of Directors and Senior Management**

*There should be a formal and transparent procedure for setting policy on executive directors' remuneration and for fixing the remuneration packages for all directors.*

- The Company has set up the Remuneration Committee comprising two independent non-executive directors (Wei Lin and He Bao Yin) and one executive director (Wei Jian Jun).
- The Remuneration Committee is responsible for making recommendations on the remuneration policies in relation to the directors and senior management of the Group, and determining the remuneration packages of executive directors and senior management, including benefits in kind, pensions and compensation payments. The terms of reference of the Remuneration Committee include the specific duties set out under the Corporate Governance Code.
- The Group proposes the basis of remuneration for directors and employees according to the performance and qualification of the directors and employees as well as the prevailing industry practice. The remuneration policies and packages are reviewed regularly. Based on the performance assessment report, employees may receive bonus and incentive payments as reward.
- In May 2011, the Company and each of the directors, including non-executive directors and independent non-executive directors, entered into a Director's Service Agreement or an appointment letter for a term of three years, which set out the respective remunerations of the directors.
- Details of directors' and senior management's remuneration as well as the five highest paid individuals in the Group are set out in item I. (I) "The change in shareholdings and remuneration of existing and resigned/retired directors, supervisors and senior management during the Reporting Period" in Section 10 and note (VII) to the financial statements on pages 209 to 212.
- No meeting was held by the Remuneration Committee during the Year as there were no changes to the remuneration policies for directors and senior management of the Company in 2013.

Deviation: NIL

**C. Nomination Committee**

- The Company has set up the Nomination Committee comprising two independent non-executive directors (Li Ke Qiang and He Bao Yin) and one executive director (Wei Jian Jun).
- The Nomination Committee is responsible for making recommendations to the Board regarding its size and composition based on business activities, asset scale and shareholding structure of the Company and making recommendations to the Board about the standards and procedures for selecting directors and management members.

**Attendance of committee members at meetings of the Nomination Committee in 2013**

<b>No. of meetings</b>			1
<b>Time and Business</b>		<b>27 December 2013</b>	
		<b>To formulate the board diversity policy</b>	
		<b>No. of attendance/ No. of meeting</b>	<b>Attendance rate</b>
Li Ke Qiang		1/1	100%
He Bao Yin		1/1	100%
Wei Jian Jun		1/1	100%
<b>Average attendance rate</b>			100%

*Board diversity policy*

The Board has adopted a board diversity policy effective on 27 December 2013. When determining the composition of the Board, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. All appointment of the Board will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity of the Board. Selection of candidates will be based on a range of diversity factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merits of the candidates and the contribution they will bring to the Board.

The Board has set measurable objectives (in terms of gender, skills and experience) to implement the policy and review such objectives from time to time to ensure their appropriateness and ascertain the progress made towards achieving those objectives, and will review the policy, as appropriate, to ensure its continued effectiveness from time to time.

As at the date of this report, the Board comprises 11 directors, three of them are women. The educational background of the directors cover accounting, law, management and automotive engineering, etc. The Company considers that the current composition of the Board has the characteristics of diversity, whether from the perspectives of gender, professional background or skills.

**D. Accountability and Audit**

*The board should present a balanced, clear and comprehensive assessment of the company's performance, position and prospects.*

- The directors are responsible for supervising the preparation of accounts for each financial period, which are required to give a true and fair view of the operating conditions, results and cash flow of the Group during the relevant period. When preparing the accounts for the year ended 31 December 2013, the directors have:
  1. selected and consistently applied appropriate accounting policies, made prudent and reasonable judgments and estimations and prepared accounts on a going concern basis; and
  2. announced interim and final results of the Group every year in accordance with the Listing Rules and disclosed other financial information as required by the Hong Kong Listing Rules.

Deviation: NIL

*The board should ensure that the company maintains sound and effective internal controls to safeguard the shareholders' investment and the company's assets.*

- The Board is fully responsible for overseeing the internal control system and evaluating its efficiency at least once a year.
- The Audit Committee is responsible for overseeing the financial affairs of the Group.
- The management is responsible for overseeing the daily operations of the Company and regularly reviewing operational control.
- The financial control centre and office of the secretary to the Board of the Company are responsible for monitoring compliance affairs of the Group and organizing regular training.
- The Board is responsible for risk management and regular risk management reviews.

Deviation: NIL

*The board should establish formal and transparent arrangements for considering how it will apply the Financial reporting and internal control principles and for maintaining an appropriate relationship with the company's auditors.*

- Deloitte Touche Tohmatsu Certified Public Accountants LLP was the external auditor of the Company in 2013. Its reviewing fees in respect of the interim review service amounted to RMB480,000. The financial statements of the Company's annual report have been prepared in accordance with the ASBE and audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP. In 2013, Deloitte Touche Tohmatsu Certified Public Accountants LLP charged the Company RMB1,800,000, RMB400,000, and RMB1,224,400 for the auditing fees in respect of the annual audit service, the annual internal control auditing fees and the annual consultation fees respectively. Apart from these, there was no fee payable for non-audit services by Deloitte Touche Tohmatsu Certified Public Accountants LLP in 2013.



- The directors of the Company acknowledge that it is their responsibility for preparing the accounts of the Group.
- During the Year, the Board has conducted a review of the effectiveness of the internal control system of the Group.
- The Company has set up an Audit Committee comprising all the current independent non-executive directors of the Company, including Ms. Wei Lin (as chairman), Mr. Li Ke Qiang, Mr. He Bao Yin and Mr. Wong Chi Hung, Stanley.
- The terms of reference of the Audit Committee conformed with the recommendations set out in A Guide for Effective Audit Committees issued by the Hong Kong Institute of Certified Public Accountants, which stipulates the following specific functions: (1) to make recommendation on the engagement or change of external auditors; (2) to supervise the internal audit system of the Company and its implementation; (3) to coordinate communication between internal and external audit functions; (4) to review financial information of the Company and its disclosure; (5) to review the internal control system and material connected transactions of the Company; and (6) to exercise other powers delegated by the Board of the Company.
- The principal work of the Audit Committee includes reviewing and supervising the financial reporting procedures and internal control of the Group.
- The Audit Committee holds at least four meetings each year to review the audited annual accounts, unaudited interim accounts and unaudited quarterly accounts. The principal duties of the Audit Committee include reviewing the financial reporting of the Group, auditors' advice on internal control and compliance matters and financial risk management. The Audit Committee has performed the above duties at its meetings during the Year.
- In 2013, the Audit Committee considered and passed the Resolution on Proposal to the Board in relation to the Appointment of Auditor (提議董事會聘任會計師事務所的議案), Resolution on Auditing of the Independence, Objectivity and Effectiveness of Audit Procedures of the External Auditor of the Company (審核公司外聘會計師事務所的獨立客觀性及審計程序有效性的議案), Resolution on Auditing of the Financial Report for the Year of 2012 of the Company (審核公司2012年度財務決算報告的議案), Resolution on Auditing of Connected Transactions of the Company for the Year of 2012 (審核公司2012年度關連交易情況的議案), Resolution on Conclusion of Internal Audit for the Year of 2012 and Internal Audit Plan for the Year of 2013 of the Company (審核公司2012年度內部審計工作總結及2013年度內部審計計劃的議案), Resolution on Auditing of the First Quarterly Financial Report for the Year of 2013 of the Company (關於審核公司2013年度第一季度財務報告的議案), Resolution on Auditing of the Independence, Objectivity and Effectiveness of Audit Procedures of the External Auditor of the Company (關於審核公司外聘會計師事務所的獨立客觀性及審閱程序有效性的議案), Resolution on Auditing of the Interim Financial Report for the Year of 2013 of the Company (關於審核公司2013年度中期財務報告的議案), Resolution on Auditing of Connected Transactions of the Company for the Interim Period of the Year of 2013 (關於審核公司2013年度中期關連交易情況的議案), Auditing of the List of Related Parties of the Company for the Interim Period of the Year of 2013 (關於審核公司2013年度中期關聯人名單), Resolution on Internal Audit Report of the Company for the Half Year of 2013 (關於審核公司2013年度半年度內部審計工作報告), Resolution on Auditing of the Third Quarterly Financial Report for the Year of 2013 of the Company (關於審核公司2013年度第三季度財務報告的議案) and Audit Plan for 2013 (2013年度審計計劃) at its meetings.

**Attendance of committee members in meetings of the Audit Committee in 2013**

**No. of meetings**

5

<b>Time and Business</b>	<b>No. of attendance/</b>	
	<b>No. of meeting</b>	<b>Attendance rate</b>
	<b>20 March 2013</b> <b>To review the annual financial report for 2012</b>	
	<b>24 April 2013</b> <b>To review the first quarterly financial report for 2013</b>	
	<b>21 August 2013</b> <b>To review the interim financial report for 2013</b>	
	<b>23 October 2013</b> <b>To review the third quarterly financial report for 2013</b>	
	<b>20 December 2013</b> <b>To review the audit plan for 2013</b>	
Wei Lin	5/5	100%
Li Ke Qiang	5/5	100%
He Bao Yin	5/5	100%
Wong Chi Hung, Stanley	5/5	100%
<b>Average attendance rate</b>	—	100%

- The Audit Committee held a meeting on 20 March 2014 and reviewed the annual results announcement, annual report and annual financial statements of the Group for the year ended 31 December 2013.
- The terms of reference of the Audit Committee covered all duties set out in the Corporate Governance Code. During the Year, the Audit Committee recommended to the Board for the re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as the external auditor of the Company for 2013.
- The Audit Committee reviewed the independence and objectivity as well as the effectiveness of the auditing procedures adopted by Deloitte Touche Tohmatsu Certified Public Accountants LLP, the external auditor of the Company.
- The Audit Committee reviewed the Company's financial report for the year of 2012, the first quarterly financial report for the year of 2013, the interim financial report for the year of 2013, the third quarterly financial report for the year of 2013 and the audit plan for the year of 2013.
- The Audit Committee reviewed the connected transactions of the Company for the year of 2012 and for the interim period of the year of 2013.
- The Audit Committee reviewed the internal control system of the Company for the year of 2012.

- The minutes of meetings of the Audit Committee are duly kept by the secretary to the Board. Such minutes of the meetings recorded opinions and suggestions raised by the committee members in details at the meetings. The minutes are filed for record upon signing and confirmation by the committee members.
- All members of the Audit Committee are independent non-executive directors of the Company
- Ernst & Young Hua Ming and Ernst & Young had been the PRC and international auditors of the Company since the listing of the Company. As the Company could not reach an agreement on the audit fees with its PRC and international auditors — Ernst & Young Hua Ming and Ernst & Young, the Company proposed to change the auditors. Ernst & Young Hua Ming and Ernst & Young resigned as the Company's PRC and international auditors on 9 October 2010 respectively. Deloitte Touche Tohmatsu Certified Public Accountants Ltd. and Deloitte Touche Tohmatsu were appointed as the Group's PRC and international auditors respectively for the year ended 31 December 2010 at the extraordinary general meeting of the Company held on 26 November 2010. Deloitte Touche Tohmatsu Certified Public Accountants Ltd. has completed its restructuring in January 2013 and renamed as Deloitte Touche Tohmatsu Certified Public Accountants LLP. Deloitte Touche Tohmatsu Certified Public Accountants LLP was the external auditor of the Company in 2013.

**E. Corporate Governance Functions**

The Board is responsible for determining the policy for the corporate governance of the Company and performing the corporate governance duties as below:

1. to develop and review the Group's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of directors and senior management;
3. to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group; and
5. to review the Group's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

The Board has performed the above-mentioned corporate governance duties during the Year.

**F. Company Secretary**

Mr. Xu Hui is the secretary to the Board of the Company. In compliance with Rule 3.29 of the Hong Kong Listing Rules, Mr. Xu Hui has taken no less than 15 hours of relevant professional training during the year ended 31 December 2013.

**G. Corporate Communications**

The board should endeavor to maintain an on-going dialogue with shareholders and in particular, to communicate with shareholders at annual general meetings.

- The Company communicates with shareholders by publishing the latest resolutions of the Board in its annual and interim reports and newspaper announcements. Contact details of secretary to the Board are contained in the “Investor Relations” channel of the Company’s website. The Company also responds to queries raised by investors.
- At the general meetings, the chairman of the meeting will raise separate resolutions for each substantially separate issue.
- At the annual general meeting, the chairman of the Board will answer and provide proper explanations to questions raised by shareholders, their proxies and members of the Audit Committee.
- The details of the procedures for voting by poll and the shareholders’ rights for demanding a poll are set out in the circulars despatched to shareholders.

**H. Shareholders’ right**

- Two or more shareholders holding, singly or jointly, 10% or more of the shares carrying voting rights at the proposed extraordinary general meeting may execute one or more written requisition(s) with the same form and contents, and submit the same with the agenda to the Board for holding an extraordinary general meeting or a class meeting. The Board shall, upon receipt of the written requisition(s), hold an extraordinary general meeting or a class meeting as soon as possible.
- Shareholders can attend the general meeting by the proof of their identities, such as identity cards or other valid identification, and can put forward their proposals at the general meetings.
- Shareholders can make enquiries to the Board and submit their enquiry applications by fax (86-312-2197812).

**I. Investor Relations**

- During the Year, there were no significant changes in the Articles.

Deviation: NIL

## Section 12 Internal Controls

### I. INTERNAL CONTROL DISCLAIMER AND ESTABLISHMENT OF INTERNAL CONTROL SYSTEM

The Board has the responsibility to establish a sound and effective internal control system pursuant to the requirements of the Internal Control Standardised System of Enterprises (企業內部控制規範體系), evaluate its effectiveness and disclose the internal control evaluation report. The Company's objectives for its internal controls are to reasonably ensure that the Company's operation and management are in compliance with the applicable laws and regulations, its assets are safe and its financial reports and the relevant information are accurate and complete, with a view to improving its operation efficiency and results and help implement its development strategies. The Company could only ensure that the above objectives were fulfilled in a reasonable manner due to the inherent limitations of internal controls.

As at 31 December 2013, the Company established a comprehensive internal control system pursuant to the requirements of Basic Standards for Internal Controls of Enterprises (《企業內部控制基本規範》) and its supplemental guidelines step by step and according to its plans, details of which are set out as below:

1. Design of internal control structure was completed: a three-layered risk prevention system comprising functional departments, risk control department and internal audit department was established. As such, a comprehensive internal control and management system was established which integrated implementation, decision-making and supervision of internal controls;
2. Internal control and management system was standardized: relevant policies such as the Internal Control and Management System of Great Wall Motor (長城汽車內部控制管理制度) and Self-Assessment System for Internal Control of Great Wall Motor (長城汽車內控自評管理制度) were formulated to standardize various aspects of the Company's internal control and management system, including the design of its internal control and management system, responsibilities and division of labour, basic procedures and the implementation of the internal control measures etc.. In addition, a self-assessment mechanism on internal control was established;
3. Internal control and management manual was compiled: the Internal Control Manual (內部控制手冊) contains eight chapters in total, which standardise the general principles, system structure, internal environment, risk evaluation, control activities, information and communication as well as supervision of the overall internal control system of Great Wall Motor. At the same time, the manual also specifies the core procedures for the major value chain of Great Wall Motor;
4. Risk database was set up and improved: the risk database set up currently includes twenty categories such as corporate structure, development strategies and human resources. It also covers risk exposures, risk control targets and major risk control measures of different types of business; and
5. Internal control self-assessment team was established: an internal control self-assessment team was set up through training and self-assessment, which laid down a solid foundation for the development of a sound and comprehensive internal control system in the future.

## **II. RELEVANT MATTERS OF AUDIT REPORT ON INTERNAL CONTROL**

For details of the audit report on internal control, please refer to the Audit Report on Internal Control for the Year of 2013 published by the Company on the Shanghai Stock Exchange (this report was also published on the website of the Hong Kong Stock Exchange in the form of overseas regulatory announcement).

## **III. ACCOUNTABILITY RULES FOR MATERIAL ERRORS ON INFORMATION DISCLOSURE IN ANNUAL REPORT AND ITS IMPLEMENTATION**

The Company formulated the Accountability Rules for Material Errors on Information Disclosure in Annual Report (年報信息披露重大差錯責任追究制度) on 16 March 2012, which was approved by the 12th meeting of the 4th session of the Board. During the Reporting Period, the reports regularly prepared and published by the Company have complied with the above rules without material errors.

# Section 13 Financial Report (Audited)

## Auditor's Report



De Shi Bao (Shen) Zi (14) No.P0373

### **TO THE SHAREHOLDERS OF GREAT WALL MOTOR COMPANY LIMITED:**

We have audited the accompanying financial statements of Great Wall Motor Company Limited ("Great Wall Motor Company"), which comprise the Company's and consolidated balance sheets as at 31 December 2013, and the Company's and consolidated income statements, the Company's and consolidated statements of changes in shareholders' equity and the Company's and consolidated cash flow statements for the year then ended, and the notes to the financial statements.

### **1. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS**

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

### **2. CERTIFIED PUBLIC ACCOUNTANTS' RESPONSIBILITY**

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

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

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

Section 13 Financial Report (Audited)  
Auditor's Report

**3. AUDIT OPINION**

In our opinion, the financial statements of the Company present fairly, in all material respects, the Company's and consolidated financial position as of 31 December 2013, and the Company's and consolidated results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

**Deloitte Touche Tohmatsu CPA LLP.**

Shanghai, China

*Chinese Certified Public Accountants*

Tong Chuan Jiang

Zhang Yi Qiang

21 March 2014



# Consolidated Balance Sheet

At 31 December 2013

Item	Note	31/12/2013	RMB 31/12/2012
<b>Current Assets:</b>			
Cash and bank balances	(VI)1	6,990,516,902.03	6,336,981,784.93
Held-for-trading financial assets	(VI)2	4,270,117.86	11,651,307.26
Bills receivable	(VI)3	17,548,258,868.49	14,790,887,422.30
Accounts receivable	(VI)4	656,312,754.79	691,488,679.17
Prepayments	(VI)5	446,068,066.03	391,549,732.29
Dividends receivable		9,000,000.00	15,280,463.03
Other receivables	(VI)6	2,559,193,416.74	854,389,669.52
Inventories	(VI)7	2,763,890,772.66	2,695,117,691.59
Other current assets	(VI)8	48,680,552.46	60,330,465.60
<b>Total Current Assets</b>		<b>31,026,191,451.06</b>	25,847,677,215.69
<b>Non-current Assets:</b>			
Long-term receivables		—	22,970,074.17
Long-term equity investments	(VI)9/(VI)10	53,183,437.72	41,841,473.15
Investment properties	(VI)11	6,090,029.75	6,251,972.88
Fixed assets	(VI)12	14,656,928,574.88	9,019,119,819.20
Construction in progress	(VI)13	3,989,228,085.58	4,989,704,197.26
Intangible assets	(VI)14	2,442,835,520.11	2,214,215,362.85
Goodwill	(VI)15	2,163,713.00	2,163,713.00
Long-term prepaid expenses		27,678,336.76	17,486,693.00
Deferred tax assets	(VI)16	400,509,782.43	407,966,015.58
<b>Total Non-current Assets</b>		<b>21,578,617,480.23</b>	16,721,719,321.09
<b>TOTAL ASSETS</b>		<b>52,604,808,931.29</b>	42,569,396,536.78

# Consolidated Balance Sheet

At 31 December 2013

Item	Note	31/12/2013	RMB 31/12/2012
<b>Current Liabilities:</b>			
Short-term borrowings	(VI)18	182,198,866.04	—
Bills payable	(VI)19	4,539,529,276.71	4,341,672,114.91
Accounts payable	(VI)20	10,712,169,742.15	8,697,430,801.03
Advances from customers	(VI)21	2,808,752,768.45	3,195,376,434.87
Salaries payable	(VI)22	1,096,561,764.67	736,035,068.04
Taxes payable	(VI)23	527,274,939.62	537,079,490.65
Other payables	(VI)24	2,270,050,353.66	1,219,640,824.99
Non-current liabilities due within one year	(VI)25	69,258,714.61	51,704,662.45
Other current liabilities	(VI)26	633,678,296.27	540,227,876.22
<b>Total Current Liabilities</b>		<b>22,839,474,722.18</b>	19,319,167,273.16
<b>Non-current Liabilities:</b>			
Other non-current liabilities	(VI)27	1,757,337,365.71	1,606,859,855.26
<b>Total Non-current Liabilities</b>		<b>1,757,337,365.71</b>	1,606,859,855.26
<b>TOTAL LIABILITIES</b>		<b>24,596,812,087.89</b>	20,926,027,128.42
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	(VI)28	3,042,423,000.00	3,042,423,000.00
Capital reserve	(VI)29	4,453,872,204.02	4,461,109,309.25
Surplus reserve	(VI)30	2,281,860,702.64	2,217,932,376.40
Undistributed profits	(VI)31	18,224,548,503.39	11,799,009,548.92
Foreign currency translation differences	(VI)44	(6,806,391.32)	(6,230,241.74)
<b>Total Equity Attributable to Shareholders of the Company</b>		<b>27,995,898,018.73</b>	21,514,243,992.83
<b>Minority Interests</b>		<b>12,098,824.67</b>	129,125,415.53
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>28,007,996,843.40</b>	21,643,369,408.36
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>52,604,808,931.29</b>	42,569,396,536.78

The notes form an integral part of the financial statements.

The financial statements as set out from pages 103 to 262 have been signed by:

**Wei Jianjun**  
Legal Representative

**Wang Fengying**  
General Manager

**Li Fengzhen**  
Chief Financial Officer

**Ji Wenjun**  
Head of the Finance Section

# Balance Sheet of the Company

At 31 December 2013

Item	Note	31/12/2013	RMB 31/12/2012
<b>Current Assets:</b>			
Cash and bank balances	(X)1	4,425,463,785.80	3,872,653,468.31
Held-for-trading financial assets		4,270,117.86	11,651,307.26
Bills receivable	(X)2	14,337,820,267.66	11,668,278,186.78
Accounts receivable	(X)3	1,210,243,691.10	1,115,166,030.89
Prepayments		355,414,183.55	411,210,587.23
Dividends receivable		222,493,374.21	173,522,737.27
Other receivables	(X)4	2,586,105,480.32	865,215,527.67
Inventories	(X)5	1,488,948,848.57	1,058,328,245.58
Other current assets		30,563,909.75	34,495,659.37
<b>Total Current Assets</b>		<b>24,661,323,658.82</b>	19,210,521,750.36
<b>Non-current Assets:</b>			
Long-term receivables		—	22,970,074.17
Long-term equity investments	(X)6	3,789,503,102.60	3,763,903,285.10
Investment properties		6,090,029.75	6,251,972.88
Fixed assets	(X)7	12,157,005,529.91	6,697,775,161.70
Construction in progress	(X)8	3,467,386,262.53	4,694,413,290.15
Intangible assets	(X)9	2,131,246,706.84	1,832,616,203.28
Long-term prepaid expenses		22,921,879.05	11,947,859.33
Deferred tax assets		137,218,267.16	111,268,817.57
Other Non-current Assets		504,500,000.00	—
<b>Total Non-current Assets</b>		<b>22,215,871,777.84</b>	17,141,146,664.18
<b>TOTAL ASSETS</b>		<b>46,877,195,436.66</b>	36,351,668,414.54

# Balance Sheet of the Company

At 31 December 2013

Item	Note	31/12/2013	RMB 31/12/2012
<b>Current Liabilities:</b>			
Short-term borrowings	(X)10	182,198,866.04	—
Bills payable	(X)11	2,572,362,386.32	2,240,543,647.68
Accounts payable	(X)12	11,264,678,930.50	8,938,896,912.86
Advances from customers	(X)13	2,577,913,596.80	2,411,539,385.38
Salaries payable		726,834,849.74	434,336,352.42
Taxes payable		331,007,738.77	382,381,688.60
Other payables		1,754,578,867.16	788,228,066.09
Non-current liabilities due within one year	(X)14	50,774,818.07	33,457,430.17
Other current liabilities		253,441,728.22	216,495,363.80
<b>Total Current Liabilities</b>		<b>19,713,791,781.62</b>	15,445,878,847.00
<b>Non-current Liabilities:</b>			
Other non-current liabilities	(X)14	1,463,426,668.29	1,314,781,614.77
<b>Total Non-current Liabilities</b>		<b>1,463,426,668.29</b>	1,314,781,614.77
<b>TOTAL LIABILITIES</b>		<b>21,177,218,449.91</b>	16,760,660,461.77
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital		3,042,423,000.00	3,042,423,000.00
Capital reserve	(X)15	4,506,077,023.11	4,506,077,023.11
Surplus reserve		1,521,231,233.17	1,480,888,012.24
Undistributed profits	(X)16	16,630,245,730.47	10,561,619,917.42
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>25,699,976,986.75</b>	19,591,007,952.77
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>46,877,195,436.66</b>	36,351,668,414.54

# Consolidated Income Statement

For the year ended 31 December 2013

Item	Note	2013	RMB 2012
<b>I. Total operating revenue</b>	(VI)32	<b>56,784,314,344.30</b>	43,159,966,648.39
<b>Less: Total operating costs</b>		<b>47,168,072,151.97</b>	36,526,361,438.74
Including: Operating costs	(VI)32	<b>40,537,994,662.12</b>	31,561,501,368.09
Business tax and surcharges	(VI)33	<b>2,057,031,661.39</b>	1,594,765,114.98
Selling expenses	(VI)34	<b>1,895,262,609.80</b>	1,656,352,069.11
Administrative expenses	(VI)35	<b>2,747,417,124.13</b>	1,743,699,625.96
Financial expenses	(IX)2	<b>(83,849,943.15)</b>	(105,325,665.78)
Impairment loss on assets	(VI)36	<b>14,216,037.68</b>	75,368,926.38
Add: Gains or losses from changes in fair values	(VI)37	<b>(7,381,189.40)</b>	10,473,607.26
Investment income	(VI)38	<b>59,176,309.97</b>	19,322,880.32
Including: share of profit of associates and jointly controlled entities		<b>11,341,964.57</b>	2,215,877.19
<b>II. Operating profit</b>		<b>9,668,037,312.90</b>	6,663,401,697.23
Add: Non-operating income	(VI)39	<b>278,837,501.43</b>	220,570,848.24
Less: Non-operating expenses	(VI)40	<b>27,153,032.94</b>	42,936,221.53
Including: Losses from disposal of non-current assets		<b>14,282,657.51</b>	27,126,762.49
<b>III. Total profit</b>		<b>9,919,721,781.39</b>	6,841,036,323.94
Less: Income tax expenses	(VI)41	<b>1,687,590,073.78</b>	1,118,964,991.48
<b>IV. Net profit</b>	(VI)42	<b>8,232,131,707.61</b>	5,722,071,332.46
Net profit attributable to shareholders of the Company		<b>8,223,648,390.71</b>	5,692,448,955.93
Profit or loss attributable to minority interests		<b>8,483,316.90</b>	29,622,376.53
<b>V. Earnings per share:</b>			
(I) Basic earnings per share	(VI)43	<b>2.70</b>	1.87
(II) Diluted earnings per share	(VI)43	<b>N/A</b>	N/A
<b>VI. Other comprehensive income</b>			
Items that may be reclassified subsequently to profit or loss satisfying prescribed conditions			
Foreign currency translation differences	(VI)44	<b>(576,149.58)</b>	99,361.85
Other comprehensive income, net of income tax		<b>(576,149.58)</b>	99,361.85
<b>VII. Total comprehensive income:</b>		<b>8,231,555,558.03</b>	5,722,170,694.31
Total comprehensive income attributable to shareholders of the Company		<b>8,223,072,241.13</b>	5,692,548,317.78
Total comprehensive income attributable to minority interests		<b>8,483,316.90</b>	29,622,376.53

# Income Statement of the Company

For the year ended 31 December 2013

Item	Note	2013	RMB 2012
<b>I. Total operating revenue</b>	(X)17	<b>54,153,807,656.59</b>	41,516,762,102.64
Less: Operating costs	(X)17	<b>42,173,907,356.10</b>	33,092,201,985.01
Business tax and surcharges	(X)18	<b>1,957,688,953.50</b>	1,521,138,567.18
Selling expenses		<b>602,320,674.85</b>	411,217,878.89
Administrative expenses	(X)19	<b>2,290,284,390.76</b>	1,332,573,654.56
Financial expenses		<b>(54,973,516.30)</b>	(58,859,987.14)
Impairment loss on assets		<b>18,399,832.25</b>	47,982,041.70
Add: Gains or losses from changes in fair values		<b>(7,381,189.40)</b>	10,473,607.26
Investment income	(X)20	<b>1,576,362,392.85</b>	810,494,287.42
Including: share of profit of associates and jointly controlled entities		<b>5,729,436.37</b>	1,869,116.91
<b>II. Operating profit</b>		<b>8,735,161,168.88</b>	5,991,475,857.12
Add: Non-operating income		<b>170,532,082.87</b>	82,025,623.35
Less: Non-operating expenses		<b>18,363,271.57</b>	34,786,352.52
Including: Losses from disposal of non-current assets		<b>11,613,675.70</b>	23,984,650.68
<b>III. Total profit</b>		<b>8,887,329,980.18</b>	6,038,715,127.95
Less: Income tax expenses	(X)21	<b>1,044,179,836.20</b>	750,052,824.29
<b>IV. Net profit</b>		<b>7,843,150,143.98</b>	5,288,662,303.66
<b>V. Earnings per share:</b>			
(I) Basic earnings per share		<b>2.58</b>	1.74
(II) Diluted earnings per share		<b>N/A</b>	N/A
<b>VI. Other comprehensive income</b>		<b>—</b>	—
<b>VII. Total comprehensive income:</b>		<b>7,843,150,143.98</b>	5,288,662,303.66

# Consolidated Cash Flow Statement

For the year ended 31 December 2013

Item	Note	2013	RMB 2012
<b>I. Cash Flows from Operating Activities:</b>			
Cash received from selling goods and rendering services		<b>60,273,725,651.38</b>	40,429,173,992.60
Tax rebate received		<b>46,713,013.99</b>	161,015,766.50
Other cash received relating to operating activities	(VI)45(1)	<b>267,332,152.84</b>	167,723,217.94
Sub-total of cash inflow from operating activities		<b>60,587,770,818.21</b>	40,757,912,977.04
Cash paid for purchasing goods and receiving services		<b>39,055,225,655.15</b>	28,378,636,210.53
Cash payments to and on behalf of employees		<b>4,136,962,068.85</b>	2,831,396,978.02
Taxes and surcharges paid		<b>5,722,713,604.37</b>	3,436,751,053.30
Other cash paid relating to operating activities	(VI)45(2)	<b>2,633,826,092.28</b>	1,774,157,932.98
Sub-total of cash outflow from operating activities		<b>51,548,727,420.65</b>	36,420,942,174.83
Net cash flows from operating activities	(VI)46(1)	<b>9,039,043,397.56</b>	4,336,970,802.21
<b>II. Cash Flows from Investing Activities:</b>			
Cash received from disposal of investments		<b>12,355,000,000.00</b>	5,256,660,000.00
Cash received from return on investments		<b>43,142,197.55</b>	20,609,808.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		<b>75,787,262.61</b>	179,124,729.28
Net cash received from disposal of subsidiaries and other business entities	(VI)46(2)	<b>95,223,076.17</b>	—
Other cash received relating to investing activities	(VI)45(3)	<b>222,779,482.00</b>	324,072,170.64
Sub-total of cash inflow from investing activities		<b>12,791,932,018.33</b>	5,780,466,707.92
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		<b>7,133,285,309.51</b>	4,444,646,308.04
Net cash paid for acquisition of subsidiaries and other business entities	(VI)46(2)	—	3,353,242.82
Investment in available for sale financial assets		<b>12,355,000,000.00</b>	5,257,931,800.00
Cash paid for equity investment		—	10,673,100.00
Sub-total of cash outflow from investing activities		<b>19,488,285,309.51</b>	9,716,604,450.86
Net Cash Flow from Investing Activities		<b>(6,696,353,291.18)</b>	(3,936,137,742.94)
<b>III. Cash Flows from Financing Activities:</b>			
Cash received from borrowings		<b>182,198,866.04</b>	281,711,678.52
Other cash received from financing activities	(VI)45(4)	—	59,360,569.88
Sub-total of cash inflow from financing activities		<b>182,198,866.04</b>	341,072,248.40
Cash paid for repayment of liabilities		—	280,663,381.44
Cash paid for dividends, profits distribution or interest repayment		<b>1,830,582,483.77</b>	1,035,684,724.02
Including: Dividend and profit paid by subsidiaries to minority shareholders		<b>101,929,026.99</b>	118,518,344.58
Other cash paid relating to financing activities	(VI)45(5)	<b>756,334,596.94</b>	128,596,699.99
Sub-total of cash outflow from financing activities		<b>2,586,917,080.71</b>	1,444,944,805.45
Net Cash Flow from Financing Activities		<b>(2,404,718,214.67)</b>	(1,103,872,557.05)

## Consolidated Cash Flow Statement

For the year ended 31 December 2013

Item	Note	2013	RMB 2012
<b>IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate</b>		<b>(10,864,671.55)</b>	(7,704,182.36)
<b>V. Net Increase in Cash and Cash Equivalents</b>	(VI)46(3)	<b>(72,892,779.84)</b>	(710,743,680.14)
Add: Balance of cash and cash equivalents at the beginning of the year	(VI)46(3)	<b>5,595,535,544.33</b>	6,306,279,224.47
<b>VI. Balance of cash and cash equivalents at the end of the year</b>	(VI)46(3)	<b>5,522,642,764.49</b>	5,595,535,544.33



# Cash Flow Statement of the Company

For the year ended 31 December 2013

Item	Notes	2013	RMB 2012
<b>I. Cash Flows from Operating Activities:</b>			
Cash received from selling goods and rendering services		57,705,802,541.00	37,505,440,344.25
Tax rebate received		25,216,998.21	142,305,623.47
Other cash received relating to operating activities		173,893,198.09	77,464,225.61
Sub-total of cash inflow from operating activities		57,904,912,737.30	37,725,210,193.33
Cash paid for purchasing goods and receiving services		42,063,643,692.35	28,641,403,269.19
Cash paid to and on behalf of employees		2,729,756,117.42	1,707,145,308.21
Taxes and surcharges paid		4,351,551,373.41	2,601,756,183.96
Other cash paid relating to operating activities		1,447,126,843.45	769,937,828.16
Sub-total of cash outflow from operating activities		50,592,078,026.63	33,720,242,589.52
Net cash flows from operating activities	(X)22(1)	7,312,834,710.67	4,004,967,603.81
<b>II. Cash Flows from Investing Activities:</b>			
Cash received from disposal of investments		9,810,000,000.00	3,130,360,000.00
Cash received from return on investments		1,261,363,673.09	725,500,688.80
Cash received from business combination by merger		128,239,057.75	—
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		67,856,116.05	15,046,900.30
Net cash received from disposal of subsidiaries and other business entities		98,450,000.00	1,396,452.64
Other cash receipts relating to investing activities		201,300,000.00	304,565,508.40
Sub-total of cash inflow from investing activities		11,567,208,846.89	4,176,869,550.14
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		6,203,744,534.41	4,370,327,465.63
Cash paid for investment in available for sale financial assets		9,810,000,000.00	3,131,631,800.00
Net cash paid for acquisition of subsidiaries and other business entities		—	22,000,000.00
Cash paid for equity investment		741,563,339.18	171,251,200.00
Sub-total of cash outflow from investing activities		16,755,307,873.59	7,695,210,465.63
Net Cash Flow from Investing Activities		(5,188,099,026.70)	(3,518,340,915.49)
<b>III. Cash Flows from Financing Activities:</b>			
Cash received from borrowings		182,198,866.04	281,711,678.52
Other cash received from financing activities		—	263,909,236.29
Sub-total of cash inflow from financing activities		182,198,866.04	545,620,914.81
Cash paid for repayment of liabilities		—	280,663,381.44
Cash paid for dividends, profits distribution or interest repayment		1,728,653,456.78	917,166,379.44
Other cash paid relating to financing activities		94,517,742.68	—
Sub-total of cash outflow from financing activities		1,823,171,199.46	1,197,829,760.88
Net Cash Flow from Financing Activities		(1,640,972,333.42)	(652,208,846.07)
<b>IV. Effect on cash and cash equivalents due to change in foreign currency exchange rate</b>			
		(10,822,575.74)	(8,341,804.10)

## Cash Flow Statement of the Company

For the year ended 31 December 2013

Item	Notes	2013	RMB 2012
<b>V. Net Increase in Cash and Cash Equivalents</b>	(X)22(2)	<b>472,940,774.81</b>	(173,923,961.85)
Add: Balance of cash and cash equivalents at the beginning of the year	(X)22(2)	<b>3,601,505,562.66</b>	3,775,429,524.51
<b>VI. Balance of cash and cash equivalents at the end of the year</b>	(X)22(2)	<b>4,074,446,337.47</b>	3,601,505,562.66

# Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2013

RMB

Item	2013						
	Attributable to shareholders of the Company						
	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Translation reserve	Minority interests	Total equity
I. Balance at the beginning of the year	3,042,423,000.00	4,461,109,309.25	2,217,932,376.40	11,799,009,548.92	(6,230,241.74)	129,125,415.53	21,643,369,408.36
II. Changes in the current year	-	(7,237,105.23)	63,928,326.24	6,425,538,954.47	(576,149.58)	(117,026,590.86)	6,364,627,435.04
(I) Net profit	-	-	-	8,223,648,390.71	-	8,483,316.90	8,232,131,707.61
(II) Other comprehensive income	-	-	-	-	(576,149.58)	-	(576,149.58)
Subtotal of (I) and (II)	-	-	-	8,223,648,390.71	(576,149.58)	8,483,316.90	8,231,555,558.03
(III) Shareholders' capital injection and capital reduction	-	(6,325,819.23)	-	-	-	(23,580,880.77)	(29,906,700.00)
1. Capital injection from shareholders	-	-	-	-	-	-	-
2. Acquisition of subsidiaries	-	-	-	-	-	-	-
3. Acquisition of minority interests of subsidiaries (Note 1)	-	(6,325,819.23)	-	-	-	(23,580,880.77)	(29,906,700.00)
(IV) Profit distribution	-	-	172,845,360.75	(1,907,026,470.75)	-	(101,929,026.99)	(1,836,110,136.99)
1. Transfer to statutory reserve	-	-	156,230,218.21	(156,230,218.21)	-	-	-
2. Transfer to discretionary reserve	-	-	-	-	-	-	-
3. Transfer to venture expansion fund	-	-	-	-	-	-	-
4. Transfer to reserve fund	-	-	16,615,142.54	(16,615,142.54)	-	-	-
5. Distributions to shareholders	-	-	-	(1,734,181,110.00)	-	(101,929,026.99)	(1,836,110,136.99)
6. Transfer to employee bonus and welfare fund	-	-	-	-	-	-	-
7. Tax refund for welfare enterprises	-	-	-	-	-	-	-
(V) Transfer of shareholders' equity	-	-	(108,917,034.51)	108,917,034.51	-	-	-
1. Transfer of capital reserve to share capital	-	-	-	-	-	-	-
2. Transfer of surplus reserves to share capital	-	-	-	-	-	-	-
3. Surplus reserves making up of losses	-	-	-	-	-	-	-
4. Others (VI. 30)	-	-	(108,917,034.51)	108,917,034.51	-	-	-
(VI) Others	-	(911,286.00)	-	-	-	-	(911,286.00)
III. Balance at the end of the current year	3,042,423,000.00	4,453,872,204.02	2,281,860,702.64	18,224,548,503.39	(6,806,391.32)	12,098,824.67	28,007,996,843.40

Note 1: In October 2013, the Company and Billion Sunny Development Limited (億新發展有限公司) ("Billion Sunny Development"), a subsidiary of the company, acquired 24% and 25% shares of Macs (Baoding) Auto A/C System Company Limited (麥克斯(保定)汽車空調系統有限公司), which is a subsidiary of the company, from Automart Holdings Limited (奧拓瑪控股有限公司) ("Automart") at considerations of RMB14.65 million and RMB15.26 million, respectively. The difference between the attributable carrying amount of net assets of the subsidiary, which was calculated at the proportion of additional shareholding, and the consideration was RMB6,325,819.23 and was directly debited to the capital reserves.

# Consolidated Statement of Changes in Shareholders' Equity

For the year ended 31 December 2013

RMB

Item	2012						
	Attributable to shareholders of the Company				Undistributed profits	Translation reserve	Minority interests
	Share capital	Capital reserve	Surplus reserve				
I. Balance at the beginning of the year	3,042,423,000.00	4,463,795,086.95	1,583,245,673.36	7,653,974,196.03	(6,329,603.59)	284,395,390.98	17,021,503,743.73
II. Changes in the current year	—	(2,685,777.70)	634,686,703.04	4,145,035,352.89	99,361.85	(155,269,975.45)	4,621,865,664.63
(I) Net profit	—	—	—	5,692,448,955.93	—	29,622,376.53	5,722,071,332.46
(II) Other comprehensive income	—	—	—	—	99,361.85	—	99,361.85
Subtotal of (I) and (II)	—	—	—	5,692,448,955.93	99,361.85	29,622,376.53	5,722,170,694.31
(III) Shareholders' capital injection and capital reduction	—	(2,685,777.70)	—	—	—	(125,910,922.29)	(128,596,699.99)
1. Capital injection from shareholders	—	—	—	—	—	—	—
2. Acquisition of subsidiaries	—	—	—	—	—	—	—
3. Acquisition of minority interests of subsidiaries (Note 1)	—	(2,685,777.70)	—	—	—	(125,910,922.29)	(128,596,699.99)
(IV) Profit distribution	—	—	634,686,703.04	(1,547,413,603.04)	—	(58,981,429.69)	(971,708,329.69)
1. Transfer to statutory reserve	—	—	610,131,460.82	(610,131,460.82)	—	—	—
2. Transfer to discretionary reserve	—	—	—	—	—	—	—
3. Transfer to venture expansion fund	—	—	—	—	—	—	—
4. Transfer to reserve fund	—	—	24,555,242.22	(24,555,242.22)	—	—	—
5. Distributions to shareholders	—	—	—	(912,726,900.00)	—	(58,981,429.69)	(971,708,329.69)
6. Transfer to employee bonus and welfare fund	—	—	—	—	—	—	—
7. Tax refund for welfare enterprises	—	—	—	—	—	—	—
(V) Transfer of shareholders' equity	—	—	—	—	—	—	—
1. Transfer of capital reserve to share capital	—	—	—	—	—	—	—
2. Transfer of surplus reserves to share capital	—	—	—	—	—	—	—
3. Surplus reserves making up of losses	—	—	—	—	—	—	—
4. Others	—	—	—	—	—	—	—
III. Balance at the end of the current year	3,042,423,000.00	4,461,109,309.25	2,217,932,376.40	11,799,009,548.92	(6,230,241.74)	129,125,415.53	21,643,369,408.36

Note 1: In April 2012, Billion Sunny Development Limited (億新發展有限公司) ("Billion Sunny Development"), a subsidiary of the company, acquired 25% shares of Baoding Changcheng Vehicle Axles Industries Company Limited (保定長城汽車橋業有限公司), Baoding Mind Auto Component Company Limited (保定曼德汽車配件有限公司), and Baoding Xinyuan Automobile Inner Decoration Company Limited (保定信遠汽車內飾件有限公司), which are three subsidiaries of the Company, from Dragonet International Company Limited (驕龍國際有限公司) ("Dragonet International") at considerations of RMB109.33 million, RMB2.03 million and RMB17.25 million respectively. The difference between the attributable carrying amount of net assets of the subsidiaries, which was calculated at the proportion of additional shareholding, and the consideration was RMB2,685,777.70 and was directly debited to the capital reserves.

# Statement of Changes in Shareholders' Equity of the Company

For the year ended 31 December 2013

RMB

Item	2013				
	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total equity
I. Balance at the beginning of the year	3,042,423,000.00	4,506,077,023.11	1,480,888,012.24	10,561,619,917.42	19,591,007,952.77
II. Changes in the current year	—	—	40,343,220.93	6,068,625,813.05	6,108,969,033.98
(I) Net profit	—	—	—	7,843,150,143.98	7,843,150,143.98
(II) Other comprehensive income	—	—	—	—	—
Subtotal of (I) and (II)	—	—	—	7,843,150,143.98	7,843,150,143.98
(III) Shareholders' capital injection and capital reduction	—	—	—	—	—
1. Capital injection from shareholders	—	—	—	—	—
2. Equity settled share expenses charged to equity	—	—	—	—	—
3. Others	—	—	—	—	—
(IV) Profit distribution	—	—	40,343,220.93	(1,774,524,330.93)	(1,734,181,110.00)
1. Transfer to surplus	—	—	40,343,220.93	(40,343,220.93)	—
2. Transfer to general provision	—	—	—	—	—
3. Distribution to shareholders	—	—	—	(1,734,181,110.00)	(1,734,181,110.00)
4. Others	—	—	—	—	—
(V) Transfer of shareholders' equity	—	—	—	—	—
1. Transfer of capital surplus to share capital	—	—	—	—	—
2. Transfer of surplus reserve to share capital	—	—	—	—	—
3. Surplus reserves making up of losses	—	—	—	—	—
4. Others	—	—	—	—	—
(VI) Special reserve	—	—	—	—	—
1. Extraction in the year	—	—	—	—	—
2. Use in the year	—	—	—	—	—
III. Balance at the end of the year	3,042,423,000.00	4,506,077,023.11	1,521,231,233.17	16,630,245,730.47	25,699,976,986.75

# Statement of Changes in Shareholders' Equity of the Company

For the year ended 31 December 2013

Item	2012				RMB	
	Share capital	Capital reserve	Surplus reserve	Undistributed profits	Total equity	
I. Balance at the beginning of the year	3,042,423,000.00	4,506,077,023.11	952,021,781.87	6,714,550,744.13	15,215,072,549.11	
II. Changes in the current year	—	—	528,866,230.37	3,847,069,173.29	4,375,935,403.66	
(I) Net profit	—	—	—	5,288,662,303.66	5,288,662,303.66	
(II) Other comprehensive income	—	—	—	—	—	
Subtotal of (I) and (II)	—	—	—	5,288,662,303.66	5,288,662,303.66	
(III) Shareholders' capital injection and capital reduction	—	—	—	—	—	
1. Capital injection from shareholders	—	—	—	—	—	
2. Equity settled share expenses charged to equity	—	—	—	—	—	
3. Others	—	—	—	—	—	
(IV) Profit distribution	—	—	528,866,230.37	(1,441,593,130.37)	(912,726,900.00)	
1. Transfer to surplus	—	—	528,866,230.37	(528,866,230.37)	—	
2. Transfer to general provision	—	—	—	—	—	
3. Distribution to shareholders	—	—	—	(912,726,900.00)	(912,726,900.00)	
4. Others	—	—	—	—	—	
(V) Transfer of shareholders' equity	—	—	—	—	—	
1. Transfer of capital surplus to share capital	—	—	—	—	—	
2. Transfer of surplus reserve to share capital	—	—	—	—	—	
3. Surplus reserves making up of losses	—	—	—	—	—	
4. Others	—	—	—	—	—	
(VI) Special reserve	—	—	—	—	—	
1. Extraction in the year	—	—	—	—	—	
2. Use in the year	—	—	—	—	—	
III. Balance at the end of the year	3,042,423,000.00	4,506,077,023.11	1,480,888,012.24	10,561,619,917.42	19,591,007,952.77	

# Notes to the Financial Statements

For the year ended 31 December 2013

## I. BASIC CORPORATE INFORMATION

Great Wall Motor Company Limited (hereunder “the Company”) is registered in Baoding, Hebei Province. The controlling shareholder is Baoding Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司) and the ultimate controlling shareholder is Wei Jian Jun.

The Company was originally named as Baoding Great Wall Motor Group Company Limited (保定長城汽車集團有限公司). On 5 June 2001, upon the approval by Office of the Stock Reform Leading Panel of the People’s Government of Hebei Province (河北省人民政府股份制領導小組辦公室) with Ji Gu Ban [2001] No. 62 (冀股辦[2001]62號文), Baoding Great Wall Motor Group Company Limited was reorganized to Baoding Great Wall Motor Company Limited (保定長城汽車股份有限公司) by its five shareholders, namely the Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產經管中心), Wei Jian Jun, Wei De Yi, Chen Yu Zhi and Han Xue Juan acting as promoters. As at 31 March 2001, as audited by ShineWing Certified Public Accountants, net assets of Baoding Great Wall Motor Group Company Limited amounted to RMB170,500,000.00 which was divided into 170,500,000 shares of the share capital of the Company (RMB1 per share) based on a proportion of 1:1 according to the promoters’ agreement.

On 28 May 2003, upon the approval by Hebei Administration for Industry and Commerce (河北省工商行政管理局), Baoding Great Wall Motor Company Limited was renamed Great Wall Motor Company Limited.

On 21 July 2003, a resolution on the distribution of bonus shares and cash bonus was reviewed and passed at the second extraordinary general meeting of the Company in 2003, pursuant to which, the Company distributed 10 bonus shares and cash bonus of RMB2.5 (tax included) for every 10 shares to all shareholders based on the total share capital of 170,500,000 shares on 31 December 2002. The payout of cash bonus amounted to RMB42,625,000.00 and the bonus shares amounted to RMB170,500,000.00 under such distribution. Upon the completion of change in business registration on 3 September 2003, the registered capital of the Company was RMB341,000,000.00.

Upon the approval by China Securities Regulatory Commission with Zheng Jian Guo He Zi [2003] No. 42 (證監國合字[2003]42號文) on 19 November 2003, the Company issued 131,100,000 H shares with a par value of RMB1 each, including 114,000,000 new shares proposed to be issued and 17,100,000 new over-allotted shares, in December 2003. The additional share capital after this issuance was RMB131,100,000.00.

Upon the approval by the Ministry of Commerce of the PRC with Shang Zi Pi [2004] No. 987 (商資批[2004]987號文), the Company converted into a foreign invested (or Hong Kong invested) joint stock limited company (Shang Wai Zi Zi Shen Zi [2004] No. 0179) (商外資資審字[2004]0179號) in July 2004.

Upon the approval by the Ministry of Commerce of the PRC with Shang Zi Pi [2005] No. 56 (商資批[2005]56號文), the Company transferred capital surplus in capital reserves of RMB472,100,000.00 into share capital on 24 January 2005 and allotted shares to registered shareholders on the basis of the proportion of their respective shareholdings.

Upon the approval by China Securities Regulatory Commission with Zheng Jian Guo He Zi [2007] No. 16 (證監國合字[2007]16號文), the Company issued 151,072,000 additional shares of overseas listed foreign invested ordinary shares at an issue price of HKD10.65 per share under a public offering in May 2007. Upon the completion of such issuance, the share capital of the Company changed to RMB1,095,272,000.00 with a par value of RMB1.00 each.

# Notes to the Financial Statements

For the year ended 31 December 2013

## I. BASIC CORPORATE INFORMATION (continued)

Upon the approval by Hebei Provincial Department of Commerce with Ji Shang Wai Zi Zi [2011] No. 19 (冀商外資字[2011]19號文), the Company transferred capital surplus in capital reserves of RMB1,642,908,000.00 into share capital on 26 February 2011 and allotted shares to registered shareholders on the basis of the proportion of their respective shareholdings.

Upon the approval by China Securities Regulatory Commission with Zheng Jian Xu Ke [2011] No. 1370 (證監許可[2011]1370號文), the Company offered 304,243,000 RMB ordinary shares (A Shares) at an offering price of RMB13.00 per share on 28 September 2011. Upon the completion of such issuance, the share capital of the Company increased to RMB3,042,423,000 shares.

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

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

### 1. Basis of preparation

The Company has applied the latest "Accounting Standards for Business Enterprises ("ASBE")" and guidelines, interpretations and other related provisions promulgated by the Ministry of Finance ("MoF") for the preparation of the financial statements of the Company, including the early adopted ASBE 9 Employee Benefits, ASBE 30 Financial Statements Presentation, ASBE 33 Consolidated Financial Statements, ASBE 39 Fair value Measurement, and ASBE 40 Joint Arrangements issued by MoF on January and February 2014. In addition, the Group also discloses relevant financial information according to the requirements of Rules on Compiling the Information Disclosure of the Company that Issue Stocks Publicly No.15-General Provision on Financial Report (amended in 2010), the Companies Ordinance of Hong Kong and Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

#### ***Basic of preparation and principle of measurement***

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

### 2. Statement of compliance

The financial statements have been prepared in compliance with the Enterprise Accounting Standards to truly and completely reflect the consolidated financial position of the Company as at 31 December 2013 and its consolidated operating results and consolidated cash flows in 2013.



## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 3. Financial year

The financial year of the Group is from 1 January to 31 December of each calendar year.

### 4. Reporting currency

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

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

Business combination is a transaction or event in which separate enterprises constitute one reporting entity. Business combinations are classified into business combinations under common control and not under common control.

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

#### 5.1 Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. On the date of merger, the enterprise which obtains control of another enterprise participating in the combination is the combining party while such other enterprise participating in the combination is a party being combined.

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

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

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

#### 5.2 Business combinations not involving enterprises under common control and goodwill

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties before and after the combination. For a business combination involving enterprises not under common control, the party that, on the acquisition date, obtains control over another enterprise participating in the combination is the acquirer, while that other enterprise participating in the combination is the acquiree.

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

- (1) In the separate financial report, the initial investment cost shall be the aggregate of the carrying amount of the equity investment held in the acquiree prior to the acquisition date and the cost of additional investment on the acquisition date. If there is other comprehensive income from the equity interest in the acquiree prior to the acquisition date, the comprehensive income shall be stated as investment income for the current period along with other comprehensive income upon the disposal of such investment.
- (2) In the consolidated financial report, the equity interest held in the acquiree before the acquisition date shall be revalued at fair value of the equity interest on the acquisition date. The difference between the carrying amount and the fair value shall be recognized as investment income of current period. If there is other comprehensive income from the equity interest held in the acquiree prior to the acquisition date, the comprehensive income shall be stated as the current investment income incurred on the acquisition date.

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

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

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

#### 5.2 Business combinations not involving enterprises under common control and goodwill (continued)

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

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

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sales agreement in an arm's length transaction. If there is no sales agreement but the asset is traded in an active market, fair value shall be determined based on the bid price. If there is neither sales agreement nor active market for an asset, fair value shall be based on the best available information. Costs of disposal are expenses attributable to disposal of the asset, including legal fee, relevant tax and surcharges, transportation fee and direct expenses incurred to prepare the asset for its intended sale. The present value of the future cash flows expected to be derived from the asset over the course of continued use and final disposal is determined as the amount discounted using an appropriately selected discount rate.

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

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 6. Basis for preparation of consolidated financial statements

The scope of consolidated financial statements is determined on the basis of control. Control is achieved when the Company has power over the investee; is exposed, or has rights to achieve returns from its involvement with the investee; and has the ability to use its power to affect its returns.

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

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

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

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

For the transaction of acquiring minority interests of its subsidiaries or disposing part of its subsidiaries' equity without losing control, treated as equity transaction, the book value of shareholder's equity attributed the company and that of minority interest should be adjusted to reflect the change in the company's interest in the subsidiaries. Differences between the adjustment of minority interests and the fair value of consideration are adjusted to capital reserve. If the differences exceed capital reserve, retained earnings shall be adjusted.

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 7. Joint arrangements

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

### 8. Cash and cash equivalents

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

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

#### 9.1 Transactions denominated in foreign currencies

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

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

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

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 9. Translation of transactions and financial statements denominated in foreign currencies (continued)

#### 9.2 Translation of financial statements denominated in foreign currency

The financial statements denominated in foreign currency of a foreign operation are translated to RMB in compliance with the following requirement: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; all equity items except for unallocated profits are translated at the spot exchange rates at the dates on which such items arose; income and expenses and profit appropriation items in the income statement are translated at the spot exchange rate at the date of transaction; the unallocated profits brought forward are reported at the prior year's closing balance; the unallocated profits at the end of the period are calculated, based on the translated amounts of profit appropriation items; and all exchange differences of assets, liabilities and shareholders' equity resulting from the translation are recognized separately as "translation reserve" in the shareholders' equity on the balance sheet.

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

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

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

### 10. Financial instruments

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

#### 10.1 Method of determination of the fair value of financial assets and financial liabilities

The fair value refers to the amount, at which both willing parties to a fair transaction who are familiar with the condition exchange their assets or clear off their debts under fair conditions. Financial instruments exist in an active market. While financial instruments do not exist in an active market, the fair value is determined using valuation techniques. Valuation technologies include reference to be familiar with situation and prices reached in recent market transactions entered into by both willing parties, reference to present fair values of similar other financial instruments, cash flow discounting method and option pricing models.

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### **10.2 Effective interest method**

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

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

#### **10.3 Classification, recognition and measurement of the financial assets**

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

##### *10.3.1 Loans and accounts receivable*

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

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

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

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

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

They include financial assets held for trading and financial assets designated as at fair value through profit or loss for the current period. Financial assets carried at FVTPL for the current period for the Company are financial assets held for trading.

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

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

##### 10.3.3 Available-for-sale financial assets

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

Available-for-sale financial assets are measured on an on-going basis at fair value. Gain or loss on available-for-sale financial assets, except for impairment losses and exchange differences on monetary financial assets and amortized cost carried at profit or loss for the current period, shall be recognized as other comprehensive income and included in capital reserves. The financial assets shall be carried at profit or loss for the current period until they are derecognized.

#### 10.4 Impairment of financial assets

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



## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### 10.4 Impairment of financial assets (continued)

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

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

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

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### 10.4 Impairment of financial assets (continued)

##### 10.4.1 Impairment of loans and accounts receivable

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

#### 10.5 The basis of the recognition and measurement of transfer of financial asset

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

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

#### 10.6 Classification and measurement of financial liabilities

The Group recognizes financial liabilities or equity instruments according to the substance of contracts and the definition of financial liabilities and equity instruments.

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

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

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 10. Financial instruments (continued)

#### 10.7 De-recognition of financial liabilities

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

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

#### 10.8 Derivative Instruments

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

#### 10.9 Equity instruments

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

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

### 11. Receivables

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

Recognition criteria of receivables that are individually significant	The Group recognized accounts receivable of over RMB3 million and other receivables of over RMB1 million are recognized as individually significant. Receivables due from related parties are recognized as individually significant.
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Provision method for bad debts of receivables that are individually significant	The Group conducts impairment test for receivables that are individually significant, and tests financial assets without separate impairment, including conducting impairment test on financial assets group with similar credit risk characteristics. For receivables with impairment loss recognized in a single item test, they cease to be included in the group of receivables with similar risk characteristics for impairment test.
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**II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** (continued)**11. Receivables** (continued)

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

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

**Aging analysis method**

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

**12. Inventory****12.1 Classification of inventories**

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

**12.2 Method for calculating value of inventories delivered**

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

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 12. Inventory (continued)

#### **12.3 Recognition of net realizable value of inventory and provision for inventory impairment**

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

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

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

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

#### **12.4 Inventory taking system**

The inventory taking system shall be on a perpetual basis.

#### **12.5 Amortization of low-value consumable and other turnover materials**

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

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

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 13. Long-term equity investments

#### **13.1 Determination of initial investment cost**

For a long-term equity investment acquired through a business combination involving enterprises under common control, the initial investment cost of the long-term equity investment shall be the absorbing party's share of the carrying amount of the owner's equity of the party being absorbed at the date of combination. For a long-term equity investment acquired through business combination involving enterprises not under common control, the initial investment cost of the long-term equity investment acquired shall be the cost of acquisition. The long-term equity investment acquired through means other than a business combination shall be initially measured at its cost.

#### **13.2 Method for subsequent measurement and profit or loss recognition**

For investees which the investor does not have any joint control or significant influence and without quotation in an active market, and with long-term equity investment with fair value which could not be reliably measured, they are computed by adopting cost method. For investees which the investor has joint control or significant influence long-term equity investment, they are computed by adopting equity method.

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

##### *13.2.1 Long-term equity investments accounted for using the cost method*

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

##### *13.2.2 Long-term equity investments accounted for using the equity method*

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

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 13. Long-term equity investments (continued)

#### **13.2 Method for subsequent measurement and profit or loss recognition (continued)**

##### *13.2.2 Long-term equity investments accounted for using the equity method (continued)*

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

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

##### *13.2.3 Disposal of long-term equity investments*

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

#### **13.3 Recognition of having joint control or significant influence over the investee**

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

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 13. Long-term equity investments (continued)

#### **13.3 Recognition of having joint control or significant influence over the investee (continued)**

The Group assesses at each balance sheet date whether there is any indication that any long-term equity investments may be impaired. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If the recoverable amount of an asset is less than its carrying amount, a provision for impairment loss of the asset will be made for the reduction and is charged to profit or loss for the current period.

An impairment loss recognized on long-term equity investments shall not be reversed in a subsequent period.

### 14. Investment property

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

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

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

The Group assesses at each balance sheet date whether there is any indication that any investment properties may be impaired. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. If the recoverable amount of an asset is less than its carrying amount, a provision for impairment loss of the asset will be made for the reduction and is charged to profit or loss for the current period.

An impairment loss recognized on investment property shall not be reversed in a subsequent period.

An impairment loss recognized on investment properties shall not be reversed in a subsequent accounting period. Upon the conversion of a self-owned property to an investment property (or vice versa), the property shall be stated at the carrying amount prior to the conversion.

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



**II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** (continued)**15. Fixed assets****15.1 Conditions for recognition of fixed assets**

Fixed assets are tangible assets that are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and have a useful life of more than one accounting year. Fixed assets are only recognized when its related economic benefits are likely to flow to the Group and its cost can be reliably measured. Fixed assets are initially measured at cost.

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

**15.2 Method for depreciation of different fixed assets**

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

Category	Depreciable life (year)	Estimated residual value (%)	Annual depreciation rate (%)
Buildings and structures	8–40	5	2.38–11.88
Machinery and equipment	10	5	9.50
Vehicles	4–10	5	9.50–23.75
Electronic equipment and other	3–10	5	9.50–31.67

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

**15.3 Impairment testing methods and provision for impairment methods on fixed assets**

The Group assesses at each balance sheet date whether there is any indication that any fixed assets may be impaired. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. If the recoverable amount of an asset is less than its carrying amount, a provision for impairment loss of the asset will be made for the reduction and is charged to profit or loss for the current period.

An impairment loss recognized on the assets mentioned above shall not be reversed in a subsequent period.

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 15. Fixed assets (continued)

#### 15.4 Explanation on other matters

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at each financial year-end. A change in the useful life or estimated net residual value of a fixed asset or the depreciation method used shall be accounted for as a change in accounting estimate.

When a fixed asset is sold, transferred, retired or damaged, the Group shall recognize the amount of any proceeds on disposal of the asset net of the carrying amount and related taxes in profit or loss for the current period.

### 16. Construction in progress

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

The Group assesses at each balance sheet date whether there is any indication that any construction in progress may be impaired. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. If the recoverable amount of an asset is less than its carrying amount, a provision for impairment loss of the asset will be made for the reduction and is charged to profit or loss for the current period.

An impairment loss recognized on the assets mentioned above shall not be reversed in a subsequent period.

### 17. Borrowing costs

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

**II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES** (continued)**17. Borrowing costs** (continued)

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

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

**18. Intangible assets****18.1 Intangible assets**

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

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

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

When an intangible asset with a finite useful life is available for use, its original cost less estimated net residual value and any accumulated impairment losses provided is amortized over its estimated useful life using the straight-line method. The useful life and annual amortization rate of each category of intangible assets are as follows:

Category	Depreciable life (year)	Annual depreciation rate (%)
Land use right	50	2.00
Software and others	2-10	10.00-50.00

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

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 18. Intangible assets (continued)

#### **18.2 Research and development expenditure**

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

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

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

- (1) it is technically feasible that the intangible asset can be used or sold upon completion;
- (2) there is intention to complete the intangible asset for use or sale;
- (3) the intangible asset can produce economic benefits, including there is evidence that the products produced using the intangible asset has a market or the intangible asset itself has a market; if the intangible asset is for internal use, there is evidence that there is usage for the intangible asset;
- (4) there is sufficient support in terms of technology, financial resources and other resources in order to complete the development of the intangible asset, and there is capability to use or sell the intangible asset;
- (5) the expenses attributable to the development stage of the intangible asset can be measured reliably.

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

#### **18.3 Intangible assets impairment test method and their impairment provision**

The Group assesses at each balance sheet date whether there is any indication that any intangible assets with a finite useful life may be impaired. If there is any evidence indicating that an asset may be impaired, recoverable amount shall be estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the Group shall determine the recoverable amount of the asset group to which the asset belongs. If the recoverable amount of an asset is less than its carrying amount, a provision for impairment loss of the asset will be made for the reduction and is charged to profit or loss for the current period.

An impairment loss recognized on the assets mentioned above shall not be reversed in a subsequent period.

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 19. Long-term deferred expenses

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

### 20. Contingent liabilities

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

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

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

### 21. Revenue

#### **21.1 Revenue from sales of goods**

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

#### **21.2 Revenue from provision of services**

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

The result of provision of services can be estimated reliably when all of the following conditions are satisfied: (1) the amount of revenue can be measured reliably; (2) it is probable that the associated economic benefits will flow to the enterprise; (3) the stage of completion of the transaction can be measured reliably; and (4) the cost incurred and to be incurred for the transaction can be measured reliably.

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 21. Revenue (continued)

#### **21.2 Revenue from provision of services (continued)**

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

#### **21.3 Interest income**

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

### 22. Government grants

Government grants are transfer of monetary assets and non-monetary assets from the government to the Group at no consideration, excluding investments by the government as shareholder. Government grants are recognised when prescribed conditions are satisfied and they will be received without uncertainties.

Government grants are classified as government grants related to an asset and government grants related to income.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a non-monetary asset, it is measured at fair value. If the fair value cannot be reliably determined, it is measured at a nominal amount. A government grant measured at a nominal amount is recognized immediately in profit or loss for the current period. Government grants are classified as government grants related to an asset and government grants related to income according to the related documents from the government.

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

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

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 23. Income tax

#### 23.1 Current income tax

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

#### 23.2 Deferred income tax assets and deferred tax liabilities

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

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

The Company recognizes a deferred income tax asset for the carry forward of deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible losses and tax credits can be utilized.

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

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

At the balance sheet date, the Company shall review the carrying amount of a deferred income tax asset. If it is probable that sufficient taxable profits will not be available in future periods to allow the benefit of the deferred income tax asset to be utilized, the carrying amount of the deferred income tax asset shall be reduced. Any such reduction in amount shall be reversed when it becomes probable that sufficient taxable profits will be available.

## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 23. Income tax (continued)

#### 23.3 Income Tax Expenses

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

Current income tax and deferred income tax derived from transactions and matters of shareholder's equity or directly recognized into other comprehensive income are included in shareholder's equity or other comprehensive income, and deferred income tax arising from business combination should adjust the carrying amount of goodwill, other types of current income tax and deferred income tax are included into profit or loss for the period.

#### 23.4 Offsetting of Income Tax

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

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

### 24. Operating lease

#### 24.1 Operating lease business with the Group recorded as lessee

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

#### 24.2 Operating lease business with the Group recorded as lessor

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



## II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES (continued)

### 25. Employee Benefits

In the accounting period in which an employee has rendered services, the Group shall recognize the employee benefits payable as a liability.

The Group participates in social security systems operated by the government as required. Payments of social security contributions for employees, such as premiums or contributions on pensions, medical insurance, payments of housing funds and other social welfare contributions shall be included in the cost of related assets or profit or loss for the twelve months in which they are incurred.

### 26. Related Party

Where one party has control, joint control, or major impact on the other party, or where the two parties or more are or will be under control of the same party, the two parties shall constitute related parties.

### 27. Main change of accounting policies

In January and February 2014, MoF issued ASBE 9 Employee Benefits, ASBE 30 Financial Statements, ASBE 33 Consolidated Financial Statements, ASBE 39 Fair value Measurement and ASBE 40 Joint Arrangements, which are effective from 1 July 2014, and early adoption is encouraged for entities listed overseas. The Group decided to early adopt these accounting standards. The changes in the relevant accounting policies had no material effect on the 2013 annual financial statements of the Group.

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

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

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

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

#### **Critical assumptions and uncertainties in the application of accounting estimates**

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

#### ***Provision for bad debt***

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

#### ***Provision for inventory impairment***

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

#### ***Useful life and depreciation of fixed assets***

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

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

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

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

##### ***Recognition of deferred tax assets***

As at 31 December 2013, the Group recognized deferred tax assets at RMB400,509,782.43 (as at 31 December 2012: RMB407,966,015.58) in the consolidated balance sheet. The realization of deferred tax assets is mainly determined by future actual earnings and actual tax rate of temporary difference in future utilization year. If the actual future earning is less than estimates, or the actual tax rate is lower than estimates, the recognized deferred income tax asset shall be reversed, and be recognized in the income statement in the year in which the reversal is incurred. If the actual earnings accrued in the future is more than estimates, or the actual tax rate is higher than estimates, such deferred tax asset shall be recognized in the consolidated income statement in the year in which they are incurred.

##### ***Fees for after-sale services***

Generally, the Group provides one, two or multiple free maintenance services to its domestic customers and provides a warranty period to their domestic customers for a certain period since the date of purchase, during which period free repairs and maintenance services are provided. The Group makes provisions for after-sale services annually according to the sales volumes of vehicles and history of repairs and maintenances. As at 31 December 2013, provisions for after-sale services amounted to RMB496,688,994.94 (as at 31 December 2012: RMB418,296,611.32). If the actual fees for after-sale services are more or less than the estimates, profits and losses of the twelve months will be affected.

##### ***Income taxes***

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

## Notes to the Financial Statements

For the year ended 31 December 2013

### IV. TAXATION

#### 1. Major tax types and tax rates

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

Note 1: Saved from the tax incentives set out in Note (IV) 2, the applicable tax rates of the relevant companies of the Group in 2012 and 2013 are listed on the above table.

#### 2. Tax incentives and approvals

##### 2.1 Income tax incentives

###### 2.1.1 Enterprise income tax for foreign investment enterprises

Tianjin Great Wall Lean Automotive Parts Company Limited (天津長城精益汽車零部件有限公司), a subsidiary of the Company, is a sino-foreign joint venture established in 7 November 2006, engaging in the manufacture of components for automobiles. In accordance with the Detailed Rules for the Implementation on the Foreign Investment Enterprises and Foreign Enterprises Income Tax Law of PRC (中華人民共和國外商投資企業和外國企業所得稅法實施細則) and the Notice of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (國務院關於實施企業所得稅過渡優惠政策的通知) (Guofa [2007] No. 39), it was entitled to full exemption for enterprise income tax in 2008 and 2009 and a 50% exemption for the three years ended 31 December 2012 based on the approval from the Tianjin Provincial Office of State Administration of Taxation. Its applicable income tax rates in 2010, 2011 and 2012 are 11%, 12% and 12.5% respectively. Its applicable income tax rate in 2013 is 25%.

## IV. TAXATION (continued)

### 2. Tax incentives and approvals (continued)

#### 2.1 Income tax incentives (continued)

##### 2.1.1 Enterprise income tax for foreign investment enterprises (continued)

Tianjin Great Wall Wantong Automotive Parts Company Limited (天津長城萬通汽車零部件有限公司), a subsidiary of the Company, is a sino-foreign joint venture established in 11 December 2006, engaging in the manufacture of components for automobiles. In accordance with the Detailed Rules for the Implementation on the Foreign Investment Enterprises and Foreign Enterprises Income Tax Law of PRC (中華人民共和國外商投資企業和外國企業所得稅法實施細則) and the Notice of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (國務院關於實施企業所得稅過渡優惠政策的通知) (Guofa [2007] No. 39), it was entitled to full exemption for enterprise income tax in 2008 and 2009 and a 50% exemption for the three years ended 31 December 2012 based on the approval from the Tianjin Provincial Office of State Administration of Taxation. Its applicable income tax rates in 2010, 2011 and 2012 are 11%, 12% and 12.5% respectively. Its applicable income tax rate in 2013 is 25%.

Baoding Yixin Auto Parts Company Limited (保定億新汽車配件有限公司), a subsidiary of the Company, is a sino-foreign joint venture established in 11 December 2006, engaging in the manufacture of components for automobiles. In accordance with the Detailed Rules for the Implementation on the Foreign Investment Enterprises and Foreign Enterprises Income Tax Law of PRC (中華人民共和國外商投資企業和外國企業所得稅法實施細則) and the Notice of the State Council on the Implementation of Transitional Preferential Policies for Enterprise Income Tax (國務院關於實施企業所得稅過渡優惠政策的通知) (Guofa [2007] No. 39), it was entitled to full exemption for enterprise income tax in 2008 and 2009 and a 50% exemption for the three years ended 31 December 2012 based on the approval from the Tianjin Provincial Office of State Administration of Taxation. Its applicable income tax rate in 2010, 2011 and 2012 is 12.5%. Its applicable income tax rate in 2013 is 25%.

## IV. TAXATION (continued)

### 2. Tax incentives and approvals (continued)

#### 2.1 Income tax incentives (continued)

##### 2.1.2 Income tax incentive policy for recruitment of disabled

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

##### 2.1.3 Income tax credit for investment in domestic manufactured equipment

According to the New and High-Tech Enterprise Certificate jointly issued by the Hebei Provincial Department of Science and Technology, Department of Finance of Hebei Province, Hebei Provincial Office of the State Administration of Taxation and Hebei Local Taxation Bureau on 22 July 2013, the Company was recognised as a new and high-technology enterprise in 2013 with a term of three years, and the applicable tax rate of the Company from 2013 to 2015 was 15%.

#### 2.2 Value-added Tax incentives

According to the requirements under the Notice Regarding Taxation Concessionary Policies on Fostering Employment of Disabled People” ([2007]92號文《關於促進殘疾人就業稅收優惠政策的 通知》) (“Cai Shui [2007] No. 92) issued by the Ministry of Finance and State Administration of Taxation, Baoding Nuobo Rubber Manufacturing Company Limited (保定市諾博橡膠製品有限公司), Baoding Great Machinery Company Limited (保定市格瑞機械有限公司), and Baoding Yixin Auto Parts Company Limited (保定億新汽車配件有限公司), all of which are subsidiaries of the Company, were entitled to immediate refund of value-added tax based on the number of disabled staff employed upon approval by competent authorities as their respective monthly average proportion of disabled staff to the total headcount was higher than 25% (including 25%), the respective number of disabled staff is more than 10 (including 10), and the income from production and sales of commodities or the provision of processing, repair and maintenance services accounted for 50% of the taxation income for the purposes of value added tax and business tax. The maximum refund of value added tax for each disabled staff employed was no more than RMB35,000 per person each year.

## V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

As at 31 December 2013, the subsidiaries of the Company did not have any debentures in issue.

### 1. Subsidiaries

#### (1) Subsidiaries established by investment

Full name of subsidiaries	Type of subsidiaries	Place of registration	Business nature	Registered capital	Scope of business	Actual capital contribution 31/12/2012	Other balance items which contribute net investment in subsidiaries	Proportion of shareholdings (%)	Proportion of voting rights (%)	Whether consolidated	Minority interests	RMB
												Amount in minority interests used to write down the losses of minority interests
Baoding Great Wall Hubei Automobile Company Limited (保定长城华北汽车有限责任公司) ("Great Wall Hubei")	LLC	Gaobeidian	Manufacture of automotive parts and components	RMB177,550,000.00	Principally engages in assembling and manufacture of car bodies, automotive parts and components (of Great Wall); sales and maintenance, commissioned processing and sale of purchased parts.	268,092,310.00	—	100.00	100.00	Yes	—	—
Baoding Xincheng Automobile Development Company Limited (保定市信诚汽车发展有限公司) ("Baoding Xincheng") (Note 1)	LLC	Baoding	Manufacture of automotive parts and components	RMB69,210,000.00	Manufacture of automotive parts and components, containers and road wrecker equipment, sale of automotive parts and components; engaging in self-operated and commissioned import and export business for various goods, other than the exports jointly operated by the PRC government and the imports operated by companies approved by the PRC government.	—	—	—	—	Yes	—	—
Baoding Great Wall Internal Combustion Engine Manufacturing Company Limited (保定长城内燃机制造有限公司) ("Great Wall Internal Combustion Engine")	LLC	Dingxing, Baoding	Manufacture of automotive parts and components	RMB452,716,300.00	Manufacture and sale of internal combustion engines and relevant parts and components; export of its products and technologies as well as import of auxiliary materials, machinery and equipments, parts and components and relevant technologies required, except goods and technologies which should be operated by companies appointed by the PRC government and restricted for import and export.	583,255,808.00	—	100.00	100.00	Yes	—	—
Baoding Great Machinery Company Limited (保定市格瑞机械有限公司) ("Baoding Great")	LLC	Baoding	Manufacture of automotive parts and components	RMB23,000,000.00	Technological development, manufacture and after-sales service of automotive parts and components, machinery products and construction machineries; leasing and storage services of its properties.	23,000,000.00	—	100.00	100.00	Yes	—	—
Baoding Changcheng Vehicle Axles Industries Company Limited (保定长城汽车轴业有限公司) ("Changcheng Axles Industries") (Note 1)	Sino-foreign joint venture	Baoding	Manufacture of automotive parts and components	RMB282,720,000.00	Manufacture of automotive parts and components and technological development; design and manufacturing of automotive mild and future; sales of the company's products and after-sales service; leasing of the housing	318,171,814.49	—	100.00	100.00	Yes	—	—
Baoding Nuobo Rubber Production Co., Ltd (保定市诺博橡胶制品有限公司) ("Baoding Nuobo") (Note 2)	LLC	Baoding	Manufacture of automotive parts and components	RMB72,240,000.00	Manufacture of rubber parts and components and technological development; design and manufacturing of automobile mild and future; sales of the company's products and after-sales service; engaging in self-operated and commissioned import and export business for various goods, other than the exports jointly operated by the PRC government and the imports operated by companies approved by the PRC government.	72,240,000.00	—	100.00	100.00	Yes	—	—
Beijing Great Automotive Components Company Limited (北京格瑞特汽车零部件有限公司) ("Beijing Great")	Sino-foreign joint venture	Beijing	Manufacture of automotive parts and components	RMB1,000,000.00	Production of automotive electrical appliances, parts and components; sale of its products.	750,000.00	—	75.00	75.00	Yes	12,098,824.67	—

# Notes to the Financial Statements

For the year ended 31 December 2013

## V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 1. Subsidiaries (continued)

#### (1) Subsidiaries established by investment (continued)

Full name of subsidiaries	Type of subsidiaries	Place of registration	Business nature	Registered capital	Scope of business	Actual capital contribution 31/12/2012	Other balance items which contribute net investment in subsidiaries	Proportion of shareholdings (%)	Proportion of voting rights (%)	Whether consolidated	Minority interests	RMB
												Amount in minority interests used to write down the losses of minority interests
Baoding Great Wall Automobile After-sales Services Company Limited (保定市長城汽車售後服務有限公司) ("Great Wall After-sales")	LLC	Baoding	Provision of after-sales service	RMB300,000.00	Provision of auto repair and after-sales service; wholesale and retail of automobile parts; import and export business of automotive parts.	150,000.00	–	100.00	100.00	Yes	–	–
Baoding Great Wall Automobile Sales Company Limited (保定長城汽車銷售有限公司) ("Great Wall Sales")	LLC	Baoding	Marketing and sale of automobiles	RMB8,000,000.00	Wholesale and retail of automobiles, automotive parts, machinery equipment, hardware and electronic products; commissioned sale of second-hand automobiles; automobile leasing; agency services for licence application and transfer; engaging in self operated and commissioned import and export business for various goods, other than the exports jointly operated by the PRC government, and the imports operated by companies approved by the PRC government.	8,000,000.00	–	100.00	100.00	Yes	–	–
Macs (Baoding) Auto A/C System Company Limited (奧克斯保定汽車空調系統有限公司) ("Macs") (Note 2)	Sino-foreign joint venture	Baoding	Manufacture of automotive parts and components	RMB20,339,000.00	Production of automobile air-conditioning systems as well as automotive parts and components; mould processing and manufacturing; sale of the Group's products and provision of after-sales service, storage service and technical service; import and export of goods and technologies.	40,279,590.00	–	100.00	100.00	Yes	–	–
Tide Technology and Trade Company Limited (泰德科貿易有限公司) ("Tide Technology and Trade") (Note 2)	Overseas company	Hong Kong	Provision of advisory services relating to automobile technology and trading activities	USD24,500,000.00	Provision of advisory services relating to automobile technology and other business such as international cooperation and trading in compliance with the laws and regulations of Hong Kong.	USD24,500,000.00	–	100.00	100.00	Yes	–	–
Russia Great Wall Closed Joint-Stock Company Limited (俄羅斯長城股份有限公司) ("Russia Great Wall")	Overseas company	Russia	Export and import of automobiles and related spare parts and provision of after-sales services	USD60,000.00	Import and export business of automobiles, automotive parts and components and related spare parts, after-sales service and international trade.	USD60,000.00	–	100.00	100.00	Yes	–	–
Baoding Mind Auto Component Company Limited (保定曼德汽車配件有限公司) ("Mind Component") (Note 3)	Sino-foreign joint venture	Baoding	Manufacture of automotive parts and components	RMB600,000.00	Manufacture of automotive parts and components; machine processing and rivet processing; sale of the Group's products and provision of after-sales service.	2,475,800.00	–	100.00	100.00	Yes	–	–
Tianjin Great Wall Lean Automotive Parts Company Limited (天津長城精益汽車零部件有限公司) ("Tianjin Lean")	Sino-foreign joint venture	Tianjin Development Zone	Manufacture of automotive parts and components	RMB140,000,000.00	Production of automotive parts and components; sale of the Group's products.	140,002,494.00	–	100.00	100.00	Yes	–	–
Baoding Jinggong Foundry Company Limited (保定長城精工鑄造有限公司) ("Jinggong Foundry")	LLC	Shunping, Baoding	Manufacture of steel casting and provision of after-sales service	RMB85,000,000.00	Steel casting design and casting; sale of its products and after-sales service for the Group's products.	85,000,000.00	–	100.00	100.00	Yes	–	–



## V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 1. Subsidiaries (continued)

#### (1) Subsidiaries established by investment (continued)

Full name of subsidiaries	Type of subsidiaries	Place of registration	Business nature	Registered capital	Scope of business	Actual capital contribution 31/12/2012	Other balance items which contribute net investment in subsidiaries	Proportion of shareholdings (%)	Proportion of voting rights (%)	Whether consolidated	Minority interests	RMB
												Amount in minority interests used to write down the losses of minority interests
Baoding Great Wall Ants Logistics Company Limited (保定市长城蚂蚁物流有限公司) ("Great Wall Ants")	LLC	Baoding	Logistics and ordinary goods transportation	RMB66,000,000.00	General cargo transportation and logistics (storage and transportation) (road transport operation permit valid until 28 August 2012)	86,000,000.00	—	100.00	100.00	Yes	—	—
Baoding Lean Automotive Occupational Training School (保定市精益汽车職業培訓學校) ("Lean School")	Private non-enterprise unit	Baoding	Occupational training	RMB100,000.00	Occupational training; automobile manufacturing, NC control processing, NC control programming, auxiliary parts design and fitter.	100,000.00	—	100.00	100.00	Yes	—	—
Tianjin Boxin Automobile Parts Co., Ltd. ("Tianjin Boxin") (天津博信汽車零部件有限公司)	LLC	Tianjin	Manufacture of automotive parts and components	RMB1,890,000,000.00	Research and development, design, production, sale of automotive parts and components and related after-sales service.	1,891,553,510.28	—	100.00	100.00	Yes	—	—
Ningxia Great Wall Automobile Leasing Company Limited (寧夏長城汽車租賃有限公司) ("Ningxia Leasing")	LLC	Yinchuan Economic and Technological Development Zone	Logistics and daily cargo transport service	RMB20,000,000.00	Leasing of automobile, storage and loading and unloading.	20,000,000.00	—	100.00	100.00	Yes	—	—
Baoding Exquisite Aluminium Alloy Manufacture Co., Ltd. (保定精工汽車鋁合金製造有限公司) ("Great Wall Aluminium Alloy")	LLC	Shunping, Baoding	Manufacture of automotive parts and components	RMB95,000,000.00	Manufacture and sale of aluminium alloy parts and components for automobiles, liquid aluminium and aluminium alloy ingots.	—	—	—	—	Note V2	—	—
Baoding Great Wall Resource Recycling Co., Ltd. (保定長城再生資源利用有限公司) ("Great Wall Resource Recycling")	LLC	Qinguan, Baoding	Processing, recycling and sale of waste and used material	RMB50,000,000.00	Processing, recycling and sale of waste and used metals, plastic waste, used paper and other waste and used materials (excluding hazardous waste and chemicals); import and export of goods.	50,000,000.00	—	100.00	100.00	Yes	—	—
Baoding Exquisite Auto Mould Technology Co., Ltd. (保定市精工汽車模具技術有限公司) ("Exquisite Mould")	LLC	Baoding	Research and development and manufacture of auto moulds	RMB5,000,000.00	Research and development (not manufacture) and design of auto moulds; technologies transfer, advisory, training and promotion in respect of auto moulds; sales and after-sales service of auto moulds.	5,000,000.00	—	100.00	100.00	Yes	—	—
Nuobo Rubber Manufacturing Co., Ltd. (諾博橡膠製品有限公司) ("Kushui Nuobo")	LLC	Baoding	Design and development and manufacture of rubber products	RMB165,000,000.00	Design, development, sale and after-sales service of rubber products and rubber parts and components for automobiles; engaging in self-operated and commissioned import and export business for various goods, other than the exports jointly operated by the PRC government and the imports operated by companies approved by the PRC government.	165,000,000.00	—	100.00	100.00	Yes	—	—
Baoding Great Wall Automobile Component Sales Co., Ltd. (保定長城汽車配件銷售有限公司) ("Kushui Component")	LLC	Baoding	Sale of automotive parts and components and lubricants	RMB7,000,000.00	Sale of automotive parts and components and lubricants	7,000,000.00	—	100.00	100.00	Yes	—	—
Beijing Great Wall Dongsheng Business consulting Co., Ltd. (北京長城東晟商務諮詢有限公司) ("Great Wall Dongsheng")	LLC	Beijing	Business information consultation	RMB2,000,000.00	Business information consultation	2,000,000.00	—	100.00	100.00	Yes	—	—
Xushui Kelin Heating Co., Ltd. (徐水縣科林供熱有限公司) ("Kelin Heating")	LLC	Baoding	Heat production and supply	RMB140,000,000.00	Heat production, supply, thermal power engineering construction, maintenance facilities, heating design, drinking water supply, brick production and sales, ash sales.	140,000,000.00	—	100.00	100.00	Yes	—	—
Baoding Great Wall Automotive Rental Co., Ltd. (保定市長城汽車出租有限公司) ("Automotive Rental") (Note 3)	LLC	Baoding	Auto Rental	RMB20,000,000.00	Passenger Transport of leasehold motorcar, auto rental, second hand vehicle sales,	20,000,000.00	—	100.00	100.00	Yes	—	—

# Notes to the Financial Statements

For the year ended 31 December 2013

## V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(continued)

### 1. Subsidiaries (continued)

#### (1) Subsidiaries established by investment (continued)

Note 1. The Company merged Baoding Xincheng in October 2013, Baoding Xincheng was written-off subsequent to the completion of the merger.

Note 2. The Company and Billion Sunny, a subsidiary of the company, acquired 24% and 25% shares of Macs, respectively. After the completion of the acquisition, shares of Macs held directly or indirectly by the Company have been 100%.

Note 3. Automotive Rental is a subsidiary wholly owned by the Company, and was established in March 2013 in Baoding through investment, with a registered capital of RMB20,000,000.

#### (2) Subsidiaries acquired through business combination of enterprises not under common control

Full name of subsidiaries	Type of subsidiaries	Place of registration	Business nature	Registered capital	Scope of business	Actual capital contribution 31/12/2012	Other balance items which contribute net investment in subsidiaries	Proportion of shareholdings (%)	Proportion of voting rights (%)	Whether consolidated	Minority interests	RMB
												Amount in minority interests used to write down the losses of minority interests
Billion Sunny Development Limited (億新發展有限公司) ("Billion Sunny Development")	Overseas company	Hong Kong	Investment holding	USD24,000,013.00	Investment holding	USD24,205,000.00	–	100.00	100.00	Yes	–	–
Baoding Great Wall Boxiang Automotive Parts Manufacturing Company Limited (保定長城博翔汽車零部件製造有限公司) ("Great Wall Boxiang")	LLC	Baoding	Design, production and sale of automotive parts and components	RMB39,500,000.00	Design, production and sale of automotive parts and components	39,116,124.26	–	100.00	100.00	Yes	–	–
Baoding Xinyuan Automobile Inner Decoration Company Limited (保定信遠汽車內飾件有限公司) ("Baoding Xinyuan")	LLC	Baoding	Design, production and sale of automotive parts and components	RMB36,227,000.00	Design, production and sale of automotive parts and components	64,271,420.36	–	100.00	100.00	Yes	–	–
Baoding Great Wall Botai Electrical Appliance Manufacture Co., Ltd. (保定長城博泰電器製造有限公司) ("Great Wall Botai") (Note 1)	LLC	Baoding	Production and sale of electronic parts and components and automotive stamping parts	RMB26,000,000.00	Production and sale of electronic parts and components and automotive stamping parts	–	–	–	–	Yes	–	–
Baoding Xinchang Automobile Accessories Company Limited (保定信昌汽車零件有限公司) ("Baoding Xinchang") (Note 1)	LLC	Baoding	Car seat slide way and frame design, development.	RMB40,000,000.00	Car seat slide way and frame design, development, private rental housing.	–	–	–	–	Yes	–	–

Note 1. The Company merged Great Wall Botai in October 2013, Great Wall Botai was written-off subsequent to the completion of the merger.

Note 2. The Company merged Baoding Xinchang in October 2013, Baoding Xincheng was written-off subsequent to the completion of the merger.

**V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS**

(continued)

**1. Subsidiaries (continued)****(3) Subsidiaries acquired through business combination of enterprises under common control**

Full name of subsidiaries	Type of subsidiaries	Place of registration	Business nature	Registered capital	Scope of business	Actual capital contribution 31/12/2012	Other balance items which contribute net investment in subsidiaries	Proportion of shareholdings (%)	Proportion of voting rights (%)	Whether consolidated	Minority interests	RMB
												Amount in minority interests used to write down the losses of minority interests
Tianjin Great Wall Wantong Automotive Parts Company Limited (天津长城冀通汽车零部件有限公司) ("Tianjin Wantong")	Sino-foreign joint venture	Tianjin Development Zone	Manufacture of automotive parts and components	RMB10,000,000.00	Development, design, production and manufacture of stamping parts for automobile bodies and automotive parts and components; sale of products of the Group and provision of relevant after-sales services	10,000,300.43	–	100.00	100.00	Yes	–	–
Beoding Yixin Auto Parts Company Limited (保定信新汽车配件有限公司) ("Beoding Yixin")	Sino-foreign joint venture	Beoding	Manufacture of automotive parts and components	RMB13,000,000.00	Production and processing of automotive parts and components; production of moulds; leasing of its remaining equipment; sale of products of the Group and provision of relevant after-sales services	13,000,000.00	–	100.00	100.00	Yes	–	–

**2. Statements on the changes after business combination**

Name	31/12/2012	Remarks
Exquisite Aluminium Alloy	separated from the Group from February 2013	Sold in January 2013
Automotive Rental	Consolidated into the Group	Established in March 2013

**3. Entities consolidated into the Group during the year and entities separated from the Group during the year****(1) Entities consolidated into the Group during the year**

Name	RMB	
	Net assets as at the end of the year	Net profit during the year
Automotive Rental	20,187,088.06	187,088.06

## Notes to the Financial Statements

For the year ended 31 December 2013

### V. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(continued)

#### 3. Entities consolidated into the Group during the year and entities separated from the Group during the year (continued)

##### (2) Entities sold during the year

Name	Net assets as at the disposal day	RMB
		Net profit From the beginning of the year to the disposal day
Exquisite Aluminium Alloy	87,477,389.12	4,579,158.92

#### 4. Translation of foreign currency of major items in the financial statements of overseas operating entities

All assets and liabilities items of Russia Great Wall, Billion Sunny Development and Tide Technology, which are overseas controlling subsidiaries of the Company, are translated at the spot exchange rate prevailing at the balance sheet date. Except for "Undistributed profits", all equity items are translated at the spot exchange rates of the dates on which such items incurred. The spot exchange rates of RMB against foreign currencies prevailing at the balance sheet date were as follows:

Companies' name	Currency	31/12/2013	31/12/2012
Russia Great Wall	Rouble	0.1852	0.2061
Billion Sunny Development	HK Dollar	0.7862	0.8108
Tide Technology	US Dollar	6.0969	6.2855

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Cash and bank balances

Item	31/12/2013		RMB
	Foreign currency	Exchange rate	RMB
<b>Cash:</b>			
RMB			1,195,745.91
USD	12,614.63	6.0969	76,910.14
HKD	18,224.09	0.7862	14,327.78
EUR	12,373.44	8.4189	104,170.75
JPY	114,843.43	0.0578	6,637.95
KRW	7,159.65	0.0057	40.81
GBP	16,286.27	10.0556	163,768.22
RUB	3,542.49	0.1852	656.07
THB	134.23	0.1849	24.82
AUD	894.06	5.4301	4,854.84
SGD	315.17	4.7845	1,507.93
<b>Bank deposits:</b>			
RMB			5,369,576,334.49
USD	24,435,059.07	6.0969	148,978,111.65
HKD	6.17	0.7862	4.85
EUR	291,254.84	8.4189	2,452,045.37
RUB	365,128.35	0.1852	67,621.77
AUD	0.21	5.4301	1.14
<b>Other cash and bank balances:</b>			
RMB			1,398,456,529.54
USD	1,470,492.05	6.0969	8,965,442.98
HKD	73,009,612.50	0.7862	57,400,157.35
EUR	362,518.58	8.4189	3,052,007.67
<b>Total</b>			<b>6,990,516,902.03</b>

As at 31 December 2013, the Group had restricted cash and bank balances of RMB1,467,874,137.54, in which guarantee on bank acceptance bills amounted to RMB848,721,030.94, guarantee on letter of credit amounted to RMB111,413,106.60, deposit in capital-checking accounts for setting up subsidiaries amounted to RMB504,500,000.00 and other guarantees amounted to RMB3,240,000.00.

Among the cash and bank balances of the Group as at 31 December 2013, no cash was held overseas and overseas bank deposits amounted to RMB119,614,768.63.

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 1. Cash and bank balances (continued)

Item	Foreign currency	31/12/2012	
		Exchange rate	RMB
<b>Cash:</b>			
RMB			1,311,244.82
USD	5,083.51	6.2855	31,952.40
HKD	18,844.56	0.8108	15,279.17
EUR	15,876.12	8.3176	132,051.22
JPY	1,557,267.53	0.0730	113,680.53
KRW	6,977.97	0.0059	41.17
GBP	23,716.13	10.1611	240,981.97
RUB	3,541.19	0.2038	729.84
THB	130.72	0.2049	26.64
AUD	400.85	6.5363	2,620.08
SGD	312.91	5.0929	1,593.61
<b>Bank deposits:</b>			
RMB			5,448,872,580.03
USD	21,833,562.47	6.2855	137,234,856.88
HKD	6.17	0.8108	5.00
EUR	889,460.77	8.3176	7,398,178.89
RUB	456,131.93	0.2061	94,008.79
GBP	8,434.52	10.1611	85,704.00
AUD	1.42	6.5363	9.29
<b>Other cash and bank balances:</b>			
RMB			714,097,668.87
USD	3,791,760.00	6.2855	23,833,107.48
EUR	422,653.68	8.3176	3,515,464.25
<b>Total</b>			<b>6,336,981,784.93</b>

As at 31 December 2012, the Group had restricted cash and bank balances of RMB741,446,240.60, in which guarantee on bank acceptance bills amounted to RMB626,458,711.73, guarantee on letter of credit amounted to RMB108,987,528.87, and other guarantees amounted to RMB6,000,000.00.

Among the cash and bank balances of the Group as at 31 December 2012, no cash was held overseas and overseas bank deposits amounted to RMB62,526,728.14.

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 2. Trading Financial Assets

Category	RMB	
	31/12/2013	31/12/2012
Trading Financial Assets — Forward exchange contracts	4,270,117.86	11,651,307.26
Total	4,270,117.86	11,651,307.26

### 3. Bills receivable

#### (1) Classification of bills receivable:

Category	RMB	
	31/12/2013	31/12/2012
Bank acceptance bills	17,548,258,868.49	14,790,887,422.30
Total	17,548,258,868.49	14,790,887,422.30

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

Category	RMB	
	31/12/2013	31/12/2012
Bank acceptance bills	4,241,268,867.12	4,115,239,695.27
Total	4,241,268,867.12	4,115,239,695.27

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

As at 31 December 2013, five pledged bills receivable with largest amounts were as follows:

Issuing unit	Date of issue	Due date	RMB
			Amount
Customer 1	2 December 2013	2 June 2014	10,000,000.00
Customer 2	15 November 2013	15 May 2014	10,000,000.00
Customer 3	15 November 2013	15 May 2014	10,000,000.00
Customer 4	1 November 2013	1 May 2014	10,000,000.00
Customer 5	10 July 2013	10 January 2014	8,000,000.00
Total			48,000,000.00

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 3. Bills receivable (continued)

##### (2) Pledged bills receivable as at the end of each year: (continued)

As at 31 December 2012, five pledged bills receivable with largest amounts were as follows:

Issuing unit	Date of issue	Due date	RMB Amount
Customer 1	8 October 2012	8 April 2013	10,000,000.00
Customer 2	25 October 2012	25 April 2013	10,000,000.00
Customer 3	2 November 2012	2 May 2013	10,000,000.00
Customer 4	5 September 2012	5 March 2013	10,000,000.00
Customer 5	29 November 2012	29 May 2013	10,000,000.00
Total			50,000,000.00

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

Category	31/12/2013	RMB 31/12/2012
Bank acceptance bills	9,349,329,601.75	7,054,955,446.06
Total	9,349,329,601.75	7,054,955,446.06

As above, those bills which were endorsed but yet undue have been terminated. As at 31 December 2013, five bills receivable endorsed to other parties but undue with largest amounts were as follows:

Issuing unit	Date of issue	Due date	RMB Amount
Customer 1	5 November 2013	5 February 2014	15,000,000.00
Customer 2	23 July 2013	23 January 2014	10,000,000.00
Customer 3	22 August 2013	22 February 2014	10,000,000.00
Customer 4	22 October 2013	22 April 2014	10,000,000.00
Customer 5	27 November 2013	27 May 2014	10,000,000.00
Total			55,000,000.00



**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**3. Bills receivable** (continued)**(3) As at the end of each year, bills endorsed by the Group to other parties but undue were as follows:** (continued)

As at 31 December 2012, five bills receivable endorsed to other parties but undue with largest amounts were as follows:

Issuing unit	Date of issue	Due date	RMB Amount
Customer 1	27 December 2012	27 June 2013	20,000,000.00
Customer 2	17 December 2012	17 June 2013	15,000,000.00
Customer 3	17 December 2012	17 June 2013	15,000,000.00
Customer 4	19 December 2012	19 June 2013	15,000,000.00
Customer 5	23 October 2012	23 April 2013	14,000,000.00
Total			79,000,000.00

**(4) At the end of the year, there was no bills receivable due to shareholders holding 5% or more voting shares of the Company.****4. Accounts receivable****(1) Accounts receivable were disclosed by category as follows:**

Descriptions of the categories of accounts receivable:

Category	31/12/2013				31/12/2012			
	Carrying amount	Ratio	Provision for bad debts	Ratio	Carrying amount	Ratio	Provision for bad debts	Ratio
	Amount	(%)	Amount	(%)	Amount	(%)	Amount	(%)
Individually significant and subject to separate provision	582,523,983.81	87.92	(231,915.55)	0.04	627,157,658.43	87.97	(13,239,602.10)	2.11
Subject to provision by groups								
Accounts receivable of small amounts with high risks based on the characteristics of credit risk as a group	6,880,333.34	1.04	(3,898,661.02)	56.66	3,978,340.07	0.56	(2,743,849.02)	68.97
Other insignificant accounts receivable	73,159,367.62	11.04	(2,120,353.41)	2.90	81,754,886.33	11.47	(5,418,754.54)	6.63
Subtotal	80,039,700.96	12.08	(6,019,014.43)	7.52	85,733,226.40	12.03	(8,162,603.56)	9.52
Accounts receivable which are individually insignificant but subject to separate provision	—	—	—	—	—	—	—	—
Total	662,563,684.77	100.00	(6,250,929.98)		712,890,884.83	100.00	(21,402,205.66)	

# Notes to the Financial Statements

For the year ended 31 December 2013

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 4. Accounts receivable (continued)

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

Aging	31/12/2013				31/12/2012				RMB
	Carrying amount	Ratio (%)	Provision for bad debts	Book value	Carrying amount	Ratio (%)	Provision for bad debts	Book value	
Within 1 year	647,223,351.43	97.69	(2,352,268.96)	644,871,082.47	708,917,123.62	99.45	(18,658,356.64)	690,258,766.98	
1 to 2 years	12,950,702.32	1.95	(1,740,630.00)	11,210,072.32	3,871,031.21	0.54	(2,641,119.02)	1,229,912.19	
2 to 3 years	2,389,631.02	0.36	(2,158,031.02)	231,600.00	102,730.00	0.01	(102,730.00)	—	
Over 3 years	—	—	—	—	—	—	—	—	
Total	662,563,684.77	100.00	(6,250,929.98)	656,312,754.79	712,890,884.83	100.00	(21,402,205.66)	691,488,679.17	

(3) *There was no accounts receivable which are individually insignificant but subject to separate provision as at the end of the twelve months.*

(4) *Account receivables is agreed by the contract or agreement, the credit period is from 3 to 6 months, when not agreed, and not recovered within 90 days, it is regarded as beyond the credit period.*

(5) *During the reporting period, provision in full or of a large amount for bad debt made in previous periods but written back or reversed in full or in a large proportion during the current year were as follows:*

Accounts receivable	Reason for write-back or recovery	Basis for determination of original provision for bad debts	Accumulated provision for bad debts before write-back or recovery	Amount written-back or recovered	RMB
Shoudu Iron and Steel Co., Ltd. (首鋼總公司)	The management of the Group exerted efforts on collecting accounts receivable in cash	Past due	(3,795,309.66)	3,795,309.66	
Shanghai Hornshiue Industrial Co., Ltd. (上海宏旭模具工業有限公司)	The management of the Group exerted efforts on collecting accounts receivable in cash	Past due	(1,901,950.00)	1,901,950.00	
Henan Qianjin Steelcasting Co., Ltd. (河南前進鑄鋼有限公司)	The management of the Group exerted efforts on collecting accounts receivable in cash	Past due	(1,555,720.95)	1,555,720.95	
Guangzhou Yifeng Mold Manufacturing Co., Ltd. (廣州屹豐模具製造有限公司)	The management of the Group exerted efforts on collecting accounts receivable in cash	Past due	(1,232,450.00)	1,232,450.00	
Shanghai Yifeng Mold Manufacturing Co., Ltd. (上海屹豐汽車模具製造有限公司)	The management of the Group exerted efforts on collecting accounts receivable in cash	Past due	(494,850.00)	494,850.00	
Total			(8,980,280.61)	8,980,280.61	

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**4. Accounts receivable** (continued)**(6) Accounts receivable actually written off during the reporting period**

Name of unit	Nature of accounts receivable	Amounts written off	Reason for write-off	RMB
				Whether arising from related party transaction
Shanghai Boye machinery Co., Ltd. (上海鉑嘩機械設備有限公司)	Loan	1,178.00	Unrecoverable	No
Total		1,178.00		

**(7) At the end of the reporting period, there was no accounts receivable due to shareholders holding 5% or more voting shares of the Company.****(8) Five units with largest amounts of accounts receivable**

Name of unit	Relationship with the Group	Amount	Aging	RMB
				Percentage of total accounts receivable (%)
Customer 1	Non-related party	266,114,479.59	Within one year	40.16
Customer 2	Non-related party	88,881,307.79	Within one year	13.41
Customer 3	Non-related party	32,466,753.93	Within one year	4.90
Customer 4	Non-related party	30,938,917.19	Within one year	4.67
Customer 5	Non-related party	28,508,130.11	Within one year	4.30
Total		446,909,588.61		67.44

**(9) Accounts receivable denominated in foreign currencies and RMB equivalent during the reporting period were as follows:**

Currency	Original currency	Exchange Rate	RMB equivalent
USD	60,972,928.49	6.0969	371,745,847.71
EUR	12,015,069.21	8.4189	101,153,666.18
Total			472,899,513.89

**(10) During the end of the reporting period, there were no overdue but not impaired receivables.**

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 5. Prepayment

##### (1) Prepayment by aging

Aging	31/12/2013		31/12/2012	
	Amount	Ratio (%)	Amount	Ratio (%)
Within 1 year	441,046,172.53	98.88	389,734,652.33	99.54
1 to 2 years	5,012,474.75	1.12	1,494,411.18	0.38
2 to 3 years	4,418.75	—	108,894.58	0.03
Over 3 years	5,000.00	—	211,774.20	0.05
Total	446,068,066.03	100.00	391,549,732.29	100.00

Description of aging of prepayment:

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

##### (2) Five units with largest amounts of prepayment

Name of unit	Relationship with the Group	Amount	Aging	Reason for unsettled
Supplier 1	Non-related party	134,929,354.53	Within 1 year	Prepayment for steel plates
Supplier 2	Non-related party	67,071,187.94	Within 1 year	Prepayment for steel plates
Supplier 3	Non-related party	19,411,457.57	Within 1 year	Prepayment for steel plates
Supplier 4	Non-related party	17,766,026.58	Within 1 year	Prepayment for components
Supplier 5	Non-related party	12,184,586.70	Within 1 year	Prepayment for gas
Total		251,362,613.32		

##### (3) At the end of the reporting period, there was no prepayments due to shareholders holding 5% or more voting shares of the Company.

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 6. Other receivables

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

Category	31/12/2013				31/12/2012			
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Individually significant and subject to separate provision	2,529,246,159.58	98.82	—	—	831,431,318.26	97.28	—	—
Subject to provision by groups								
Accounts receivable of small amounts with high risks based on the characteristics of credit risk as a group	2,527,446.15	0.10	(128,287.45)	5.08	3,134,282.31	0.37	(289,137.45)	9.22
Other insignificant Other receivables	27,548,098.46	1.08	—	—	20,117,988.90	2.35	(4,782.50)	0.02
Subtotal	30,075,544.61	1.18	(128,287.45)	0.43	23,252,271.21	2.72	(293,919.95)	1.26
Other receivables which are individually insignificant but subject to separate provision	—	—	—	—	—	—	—	—
Total	2,559,321,704.19	100.00	(128,287.45)		854,683,589.47	100.00	(293,919.95)	

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

Aging	31/12/2013				31/12/2012			
	Carrying amount	Ratio (%)	Provision for bad debts	Book Value	Carrying amount	Ratio (%)	Provision for bad debts	Book Value
Within 1 year	2,480,433,405.55	96.92	(43,867.45)	2,480,389,538.10	781,490,618.57	91.43	(4,782.50)	781,485,836.07
1 to 2 years	76,531,043.48	2.99	—	76,531,043.48	71,841,828.18	8.41	—	71,841,828.18
2 to 3 years	1,884,599.24	0.07	—	1,884,599.24	349,056.80	0.04	(39,420.00)	309,636.80
Over 3 years	472,655.92	0.02	(84,420.00)	388,235.92	1,002,085.92	0.12	(249,717.45)	752,368.47
Total	2,559,321,704.19	100.00	(128,287.45)	2,559,193,416.74	854,683,589.47	100.00	(293,919.95)	854,389,669.52

**(3) During the reporting period, there is no provision in full or of a large amount for bad debt made in previous periods but written back or reversed in full or in a large proportion during the current year.**

**(4) There is no other receivable actually written off during the reporting period.**

**(5) At the end of the reporting period, there was no other receivables due to shareholders holding 5% or more voting shares of the Company.**

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 6. Other receivables (continued)

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

Name of unit	Relationship with the Group	Amount	Nature	Aging	RMB
					Percentage of the total other receivables (%)
Unit 1	No-related party	2,271,372,327.00	Performance bond	Within one year and one to two years	88.75
Unit 2	No-related party	149,126,000.00	Energy-saving subsidies	Within one year and one to two years	5.83
Unit 3	No-related party	65,483,737.07	Cash fund	Within six months	2.56
Unit 4	No-related party	30,000,000.00	Performance bond	Within six months	1.17
Unit 5	No-related party	5,472,580.14	Cash fund	Within six months	0.21
Total		2,521,454,644.21			98.52

(7) At the end of reporting period, there were no other receivables which are not overdue but not impaired.

#### 7. Inventory

##### (1) Inventory categories

Item	RMB		
	31/12/2013 Book balance	31/12/2013 Provision for obsolete stocks	31/12/2013 Book value
Raw materials	596,646,832.18	(4,303,642.21)	592,343,189.97
Work in progress	470,475,745.90	—	470,475,745.90
Finished goods	1,652,657,256.36	(2,049,060.69)	1,650,608,195.67
Low-valued consumables	48,968,000.79	(142,768.42)	48,825,232.37
Outsourced processing materials	1,638,408.75	—	1,638,408.75
Total	2,770,386,243.98	(6,495,471.32)	2,763,890,772.66

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**7. Inventory** (continued)**(1) Inventory categories** (continued)

Item	Book balance	31/12/2012	
		Provision for obsolete stocks	Book value
Raw materials	738,228,979.29	(2,024,492.07)	736,204,487.22
Work in progress	212,584,209.70	—	212,584,209.70
Finished goods	1,701,628,176.07	(1,361,731.68)	1,700,266,444.39
Low-valued consumables	44,066,419.00	(177,168.78)	43,889,250.22
Outsourced processing materials	2,173,300.05	—	2,173,300.05
<b>Total</b>	<b>2,698,681,084.12</b>	<b>(3,563,392.53)</b>	<b>2,695,117,691.59</b>

**(2) Provision for obsolete stocks**

Inventory categories	1/1/2013	Provision for the year	Decrease for the year		31/12/2013
			Reversals	Write-offs	
Raw materials	2,024,492.07	3,051,793.28	(369,104.73)	(403,538.41)	<b>4,303,642.21</b>
Finished goods	1,361,731.68	4,921,347.06	—	(4,234,018.05)	<b>2,049,060.69</b>
Low-valued consumables	177,168.78	2,871.17	—	(37,271.53)	<b>142,768.42</b>
<b>Total</b>	<b>3,563,392.53</b>	<b>7,976,011.51</b>	<b>(369,104.73)</b>	<b>(4,674,827.99)</b>	<b>6,495,471.32</b>

**(3) Analysis of provision for obsolete stocks Item Basis of provision for obsolete**

Item	Basis of provision for obsolete stocks	Reason for reversal or write-off of provision for obsolete stocks during the twelve months	Percentage of the reversal to the closing balance of such inventory during the twelve months (%)
Raw materials	Note 1	Note 2	0.06
Finished goods	Note 1	Note 2	—
Low-valued consumables	Note 1	Note 2	—

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 7. Inventory (continued)

##### (3) Analysis of provision for obsolete stocks Item Basis of provision for obsolete (continued)

Descriptions of inventories:

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

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

#### 8. Other current assets

	31/12/2013	RMB 31/12/2012
Paint for vehicles	4,003,843.00	3,369,140.05
Taxes to be credited	13,874,652.27	24,156,343.45
Mould ( <i>Note 1</i> )	11,975,329.52	2,129,176.73
Others	18,826,727.67	30,675,805.37
Total	48,680,552.46	60,330,465.60

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



## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 9. Long-term equity investment

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

Name of investee	Accounting method	Initial investment cost	1/1/2013	Movements	31/12/2013	Percentage of shareholding in the investee (%)	Percentage of voting right in the investee (%)	Reason for difference between percentages of shares held and voting rights	Impairment provision	Provision of impairment for the six months	Cash bonuses for the year	RMB
Investment in jointly controlled entities												
Baoding Jiehua Automobile Components and Accessories Company Limited (保定杰华汽车零部件有限公司)	Equity method	15,654,000.00	16,905,321.87	116,908.17	17,022,230.04	50.00	50.00	–	–	–	–	
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd (保定延峰江森汽车座椅有限公司) ("Yanfeng Johnson")	Equity method	12,213,100.00	17,736,151.28	11,225,056.40	28,961,207.68	50.00	50.00	–	–	–	–	
Subtotal		27,867,100.00	34,641,473.15	11,341,964.57	45,983,437.72							
Investment in other enterprises												
China Automobile Development United Investment Co. Ltd. (中投聯投资有限公司)	Cost method	4,200,000.00	4,200,000.00	–	4,200,000.00	2.07	2.07	–	–	–	–	
China Automobile (Beijing) Automobile Lightweight Technology Research Institute Company Limited (北汽北京汽车轻量化技术研究院有限公司)	Cost method	3,000,000.00	3,000,000.00	–	3,000,000.00	6.90	6.90	–	–	–	–	
Subtotal		7,200,000.00	7,200,000.00	–	7,200,000.00							
Total		35,067,100.00	41,841,473.15	11,341,964.57	53,183,437.72							

All of the above investees are non-listed companies.

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

### 10. Investment in joint ventures and associates

Name of investee	Type of enterprise	Place of registration	Legal representative	Nature of business	Registered capital	Percentage of Shareholding in the investee held by the Company (%)	Percentage of voting right in the investee held by the Company (%)	Total assets as at the end of the year	Total liabilities as at the end of the year	Total net assets as at the end of the year	Total operating income for the year	Net profit for the year	RMB
Baoding Jiehua Automobile Components and Accessories Company Limited (保定杰华汽车零部件有限公司)	Company with limited liabilities	Baoding	Wei Jian Jun	Production of automobile components etc.	31.308 million	50.00	50.00	34,727,442.82	682,982.46	34,044,460.36	1,890,000.00	233,816.35	
Yanfeng Johnson (延峰江森)	Company with limited liabilities	Baoding	Wei Jian Jun	Design, development, manufacturing and sales of automobile seating assembly and components and provision of after-sales services for the products	18.16 million	50.00	50.00	299,146,209.16	241,392,009.14	57,754,200.02	589,209,135.86	23,293,258.24	

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 11. Investment properties

Item	1/1/2013	Additions for the year	Deductions for the year	RMB
				31/12/2013
I. Total original book value:	6,553,769.66	—	—	<b>6,553,769.66</b>
Of which: Buildings and structures	6,553,769.66	—	—	<b>6,553,769.66</b>
Land use rights	—	—	—	—
II. Total accumulated depreciation and accumulated amortization:	(301,796.78)	(161,943.13)	—	<b>(463,739.91)</b>
Of which: Buildings and structures	(301,796.78)	(161,943.13)	—	<b>(463,739.91)</b>
Land use rights	—	—	—	—
III. Total net book value of investment properties	6,251,972.88	(161,943.13)	—	<b>6,090,029.75</b>
Of which: Buildings and structures	6,251,972.88	(161,943.13)	—	<b>6,090,029.75</b>
Land use rights	—	—	—	—
IV. Total accumulated impairment provision of investment properties	—	—	—	—
Of which: Buildings and structures	—	—	—	—
Land use rights	—	—	—	—
V. Total carrying amount of investment properties	6,251,972.88	(161,943.13)	—	<b>6,090,029.75</b>
Of which: Buildings and structures	6,251,972.88	(161,943.13)	—	<b>6,090,029.75</b>
Land use rights	—	—	—	—

Note1. The above investment properties were accounted by cost.

Note2. Accumulated amortization and depreciation for the year increased by RMB161,943.13 due to provision.

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**12. Fixed assets****Fixed assets**

Item	1/1/2013	Additions for the year	Deductions for the year	RMB
				31/12/2013
1. Total original book value:	12,223,390,781.26	6,789,903,935.64	(105,049,002.92)	<b>18,908,245,713.98</b>
Of which: Buildings and structures	4,121,718,229.25	3,169,921,644.53	(559,003.47)	<b>7,291,080,870.31</b>
Machinery and equipment	6,343,478,320.96	3,084,125,487.84	(60,189,337.77)	<b>9,367,414,471.03</b>
Motor vehicles	180,606,382.28	17,016,643.12	(11,275,956.78)	<b>186,347,068.62</b>
Other equipment	1,577,587,848.77	518,840,160.15	(33,024,704.90)	<b>2,063,403,304.02</b>
2. Total accumulated depreciation:	3,145,588,954.61	1,095,173,891.02	(54,499,045.03)	<b>4,186,263,800.60</b>
Of which: Buildings and structures	445,762,910.57	169,468,506.38	(233,485.40)	<b>614,997,931.55</b>
Machinery and equipment	1,846,083,903.91	637,697,443.91	(23,945,506.58)	<b>2,459,835,841.24</b>
Motor vehicles	77,784,757.44	23,331,477.91	(5,304,729.61)	<b>95,811,505.74</b>
Other equipment	775,957,382.69	264,676,462.82	(25,015,323.44)	<b>1,015,618,522.07</b>
3. Total net book value of fixed assets	9,077,801,826.65	5,694,730,044.62	(50,549,957.89)	<b>14,721,981,913.38</b>
Of which: Buildings and structures	3,675,955,318.68	3,000,453,138.15	(325,518.07)	<b>6,676,082,938.76</b>
Machinery and equipment	4,497,394,417.05	2,446,428,043.93	(36,243,831.19)	<b>6,907,578,629.79</b>
Motor vehicles	102,821,624.84	(6,314,834.79)	(5,971,227.17)	<b>90,535,562.88</b>
Other equipment	801,630,466.08	254,163,697.33	(8,009,381.46)	<b>1,047,784,781.95</b>
4. Total impairment provision	58,682,007.45	13,484,488.47	(7,113,157.42)	<b>65,053,338.50</b>
Of which: Buildings and structures	—	—	—	<b>—</b>
Machinery and equipment	33,014,024.79	8,348,676.78	(5,289,462.93)	<b>36,073,238.64</b>
Motor vehicles	—	—	—	<b>—</b>
Other equipment	25,667,982.66	5,135,811.69	(1,823,694.49)	<b>28,980,099.86</b>
V. Total net carrying amount of fixed assets	9,019,119,819.20	5,681,245,556.15	(43,436,800.47)	<b>14,656,928,574.88</b>
Of which: Buildings and structures	3,675,955,318.68	3,000,453,138.15	(325,518.07)	<b>6,676,082,938.76</b>
Machinery and equipment	4,464,380,392.26	2,438,079,367.15	(30,954,368.26)	<b>6,871,505,391.15</b>
Motor vehicles	102,821,624.84	(6,314,834.79)	(5,971,227.17)	<b>90,535,562.88</b>
Other equipment	775,962,483.42	249,027,885.64	(6,185,686.97)	<b>1,018,804,682.09</b>

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12. Fixed assets (continued)

During the year, the original book value of fixed assets increased by RMB387,448,943.85, RMB6,393,579,436.23 and RMB8,875,555.56 due to additions, transfer from construction in progress and transfer from self-produced moulds, respectively.

During the year, the original book value of fixed assets decreased by RMB72,609,170.27, RMB21,033,007.44 and RMB11,406,825.21 due to disposals, derecognition of subsidiaries and transfer into construction in progress, respectively.

During the year, the accumulated depreciation increased by RMB1,095,173,891.02 due to provisions.

During the year, the accumulated depreciation decreased by RMB47,756,227.26, RMB3,093,631.33 and RMB3,649,186.44 due to disposals, derecognition of subsidiaries and transfer into construction in progress, respectively.

During the year, the impairment provision increased by RMB13,484,488.47 due to provisions, and decreased by RMB7,113,157.42 due to write-off.

As at 31 December 2013, among the fixed assets, the net book value of properties without title certificates amounted to RMB3,712,413,737.09, and the application of relevant title certificates is in progress.

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**12. Fixed assets** (continued)

Item	1/1/2012	Additions for the year	Deductions for the year	31/12/2012
1. Total original book value:	9,688,239,499.29	2,623,958,005.12	(88,806,723.15)	<b>12,223,390,781.26</b>
Of which: Buildings and structures	3,174,848,599.78	946,877,946.42	(8,316.95)	<b>4,121,718,229.25</b>
Machinery and equipment	5,036,041,299.15	1,351,459,603.89	(44,022,582.08)	<b>6,343,478,320.96</b>
Motor vehicles	165,034,036.88	19,135,384.86	(3,563,039.46)	<b>180,606,382.28</b>
Other equipment	1,312,315,563.48	306,485,069.95	(41,212,784.66)	<b>1,577,587,848.77</b>
2. Total accumulated depreciation:	2,294,231,496.55	889,578,909.54	(38,221,451.48)	<b>3,145,588,954.61</b>
Of which: Buildings and structures	327,588,325.74	118,176,242.85	(1,658.02)	<b>445,762,910.57</b>
Machinery and equipment	1,318,336,417.45	542,271,883.41	(14,524,396.95)	<b>1,846,083,903.91</b>
Motor vehicles	57,650,243.71	22,410,848.00	(2,276,334.27)	<b>77,784,757.44</b>
Other equipment	590,656,509.65	206,719,935.28	(21,419,062.24)	<b>775,957,382.69</b>
3. Total net book value of fixed assets	7,394,008,002.74	1,734,379,095.58	(50,585,271.67)	<b>9,077,801,826.65</b>
Of which: Buildings and structures	2,847,260,274.04	828,701,703.57	(6,658.93)	<b>3,675,955,318.68</b>
Machinery and equipment	3,717,704,881.70	809,187,720.48	(29,498,185.13)	<b>4,497,394,417.05</b>
Motor vehicles	107,383,793.17	(3,275,463.14)	(1,286,705.19)	<b>102,821,624.84</b>
Other equipment	721,659,053.83	99,765,134.67	(19,793,722.42)	<b>801,630,466.08</b>
4. Total impairment provision	1,626,915.46	58,682,007.45	(1,626,915.46)	<b>58,682,007.45</b>
Of which: Buildings and structures	—	—	—	—
Machinery and equipment	—	33,014,024.79	—	<b>33,014,024.79</b>
Motor vehicles	—	—	—	—
Other equipment	1,626,915.46	25,667,982.66	(1,626,915.46)	<b>25,667,982.66</b>
V. Total net carrying amount of fixed assets	7,392,381,087.28	1,675,697,088.13	(48,958,356.21)	<b>9,019,119,819.20</b>
Of which: Buildings and structures	2,847,260,274.04	828,701,703.57	(6,658.93)	<b>3,675,955,318.68</b>
Machinery and equipment	3,717,704,881.70	776,173,695.69	(29,498,185.13)	<b>4,464,380,392.26</b>
Motor vehicles	107,383,793.17	(3,275,463.14)	(1,286,705.19)	<b>102,821,624.84</b>
Other equipment	720,032,138.37	74,097,152.01	(18,166,806.96)	<b>775,962,483.42</b>

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 12. Fixed assets (continued)

During 2012, the original book value of fixed assets increased by RMB280,719,773.86, RMB13,542,286.82, RMB2,296,981,500.00 and RMB32,714,444.44 due to additions, acquisition of subsidiaries, transfer from construction in progress and transfer from inventories, respectively.

During 2012, the original book value of fixed assets decreased by RMB72,901,191.01, and RMB15,905,532.14 due to disposals and transfer into construction in progress, respectively.

During 2012, the accumulated depreciation increased by RMB889,578,909.54 due to provisions.

During 2012, the accumulated depreciation decreased by RMB36,212,363.67 and RMB2,009,087.81 transfer into construction in progress, respectively.

During 2012, the impairment provision increased by RMB58,682,007.45, due to particular kind of vehicles with the related special moulds and fixtures impaired quit the market, and decreased by RMB1,626,915.46 due to write-off.

As at 31 December 2012, among the fixed assets, the net book value of properties without title certificates amounted to RMB1,982,623,488.83.

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**13. Construction in progress****(1) The breakdown of construction in progress was as follows**

Project	31/12/2013			31/12/2012		
	Book balance	Impairment provision	Book value	Book balance	Impairment provision	Book value
Annual production of 100,000 sets of diesel engines of model number GW4D20	838,347.95	—	838,347.95	12,464,254.34	—	12,464,254.34
Annual production of 400,000 sets of axles and brakes	128,290,267.75	—	128,290,267.75	25,103,108.04	—	25,103,108.04
Annual production of 400,000 sets of interior and exterior decorations	38,965,459.97	—	38,965,459.97	96,517,016.53	—	96,517,016.53
Annual production of 300,000 sets of EG engines	70,091,130.40	—	70,091,130.40	96,091,287.55	—	96,091,287.55
Annual production of 200,000 sets of six-speed manual transmissions	40,622,856.60	—	40,622,856.60	84,746,488.00	—	84,746,488.00
Annual production of 400,000 sets of aluminium alloy casting	24,013,243.89	—	24,013,243.89	86,877,225.41	—	86,877,225.41
Annual production of 400,000 sets of automotive lightings	27,641,592.86	—	27,641,592.86	104,642,256.33	—	104,642,256.33
Tianjin Automobile project	502,978,177.05	—	502,978,177.05	1,465,528,487.44	(2,812,449.12)	1,462,716,038.32
Tianjin parts and components project	323,237,594.26	(82,564.10)	323,155,030.16	61,664,742.74	(82,564.10)	61,582,178.64
Tianjin branch's residential area supporting project	16,780,791.26	—	16,780,791.26	166,097,864.43	—	166,097,864.43
Industrial park phase I II III Reconstruction and expansion	252,152,970.60	(851,065.00)	251,301,905.60	239,489,752.97	(193,476.82)	239,296,276.15
Steam project	3,570,000.00	—	3,570,000.00	49,015,462.00	—	49,015,462.00
Xindatong Reconstruction	32,584,178.01	—	32,584,178.01	40,482,620.93	—	40,482,620.93
Jiaozhuang infrastructure	7,588,391.57	—	7,588,391.57	774,153.70	—	774,153.70
Jiaozhuang equipment	123,920,244.87	—	123,920,244.87	104,567,436.94	—	104,567,436.94
New technology centre	842,546,398.45	—	842,546,398.45	121,533,529.05	—	121,533,529.05
Xushui Automobile Project	1,050,010,890.20	—	1,050,010,890.20	1,474,374,027.27	—	1,474,374,027.27
Xushui parts and components project	384,028,907.77	—	384,028,907.77	391,988,731.71	—	391,988,731.71
Xushui supporting infrastructure project	2,997,549.98	—	2,997,549.98	217,765,938.81	—	217,765,938.81
Part and Components Department Reconstruction project	117,470,368.17	(167,646.93)	117,302,721.24	153,235,950.04	(167,646.93)	153,068,303.11
<b>Total</b>	<b>3,990,329,361.61</b>	<b>(1,101,276.03)</b>	<b>3,989,228,085.58</b>	<b>4,992,960,334.23</b>	<b>(3,256,136.97)</b>	<b>4,989,704,197.26</b>

# Notes to the Financial Statements

For the year ended 31 December 2013

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 13. Construction in progress (continued)

#### (2) Changes in major construction in progress

Project	Budget amount	1/1/2013	Additions for the year	Transfer to fixed assets	Other deductions	Investment to budget (%)	Accumulated capitalized interest amount	Of which: capitalized interest amount for the year	Ratio of capitalized interest amount for the year (%)	Sources of fund	RMB
											31/12/2013
Annual production of 100,000 sets of diesel engines of model number GW4D20	320,735,700.00	12,464,254.34	912,596.32	(12,538,502.71)	—	99.59	—	—	—	Fund raised and Internal resources	838,347.95
Annual production of 400,000 sets of axles and brakes	588,593,900.00	25,103,108.04	103,187,159.71	—	—	64.73	—	—	—	Fund raised and Internal resources	128,290,267.75
Annual production of 400,000 sets of interior and exterior decorations	575,893,500.00	96,517,016.53	54,032,078.00	(111,583,634.56)	—	91.89	—	—	—	Fund raised and Internal resources	38,965,459.97
Annual production of 300,000 sets of EG engines	547,163,800.00	96,091,287.55	27,538,716.74	(20,285,007.73)	(33,253,866.16)	80.39	—	—	—	Fund raised and Internal resources	70,091,130.40
Annual production of 200,000 sets of six-speed manual transmissions	432,561,100.00	84,746,488.00	472,339.17	(32,035,499.66)	(12,560,470.91)	97.39	—	—	—	Fund raised	40,622,856.60
Annual production of 400,000 sets of aluminium alloy casting	303,376,600.00	86,877,225.41	15,403,214.54	(78,267,196.06)	—	97.03	—	—	—	Fund raised	24,013,243.89
Annual production of 400,000 sets of automotive lightings	180,677,200.00	104,642,256.33	8,893,661.73	(82,226,803.83)	(3,667,521.37)	100.00	—	—	—	Fund raised and Internal resources	27,641,592.86
Tianjin Automobile project	4,451,639,200.00	1,465,528,487.44	897,814,299.29	(1,860,364,609.68)	—	97.33	—	—	—	Internal resources	502,978,177.05
Tianjin parts and components project	2,064,092,199.00	61,664,742.74	354,687,745.20	(90,732,152.40)	(2,382,741.28)	29.90	—	—	—	Internal resources	323,237,594.26
Tianjin branch's residential area supporting project	493,019,700.00	166,097,864.43	36,527,686.61	(185,844,759.78)	—	85.92	—	—	—	Internal resources	16,780,791.26
Industrial park phase I II III Reconstruction and expansion	511,048,181.00	239,489,752.97	247,786,959.82	(220,799,783.20)	(14,323,968.99)	99.48	—	—	—	Internal resources	252,152,970.60
Steam project	68,735,000.00	49,015,462.00	11,827,616.00	(57,273,078.00)	—	88.52	—	—	—	Internal resources	3,570,000.00
Xindatong Reconstruction	58,651,744.00	40,482,620.93	13,144,897.14	(19,608,267.56)	(1,435,072.50)	100.00	—	—	—	Internal resources	32,584,178.01
Jiaozhuang Infrastructure	253,863,000.00	774,163.70	8,410,008.67	(1,595,770.80)	—	79.02	—	—	—	Internal resources	7,588,391.57
Jiaozhuang equipment	1,210,071,000.00	104,667,436.94	102,779,991.19	(75,910,331.35)	(7,516,851.91)	93.04	—	—	—	Internal resources	123,920,244.87
New technology center	1,893,518,600.00	121,533,529.05	721,012,869.40	—	—	44.50	—	—	—	Internal resources	842,546,398.45
Xushui Automobile Project	5,235,799,742.00	1,474,374,027.27	1,490,987,845.57	(1,915,350,982.64)	—	56.65	—	—	—	Internal resources	1,050,010,890.20
Xushui parts and components project	2,659,779,920.00	391,988,731.71	1,161,486,510.77	(1,169,429,334.71)	(17,000.00)	57.05	—	—	—	Internal resources	384,028,907.77
Xushui supporting infrastructure project	424,689,720.00	217,765,938.81	140,092,653.41	(354,861,042.24)	—	88.29	—	—	—	Internal resources	2,997,549.98
Part and Components Department Reconstruction project	541,201,754.10	153,235,950.04	125,198,650.68	(104,872,679.32)	(56,091,553.23)	72.58	—	—	—	Internal resources	117,470,368.17
<b>Total</b>	<b>22,815,111,560.10</b>	<b>4,992,960,334.23</b>	<b>5,522,197,499.96</b>	<b>(6,393,579,436.23)</b>	<b>(131,249,036.35)</b>						<b>3,990,329,361.61</b>



**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**13. Construction in progress** (continued)**(3) Impairment of construction in progress**

Item	1/1/2013	Additions for the year	Deductions for the year	RMB	
				31/12/2013	The reason of provision/ decrement
Tianjin Automobile project	2,812,449.12	—	(2,812,449.12)	—	Disposal Process
Industrial park phase I II III Reconstruction and expansion	193,476.82	851,065.00	(193,476.82)	<b>851,065.00</b>	Change/Disposal
Tianjin parts and components project	82,564.10	—	—	<b>82,564.10</b>	
Part and Components Department Reconstruction project	167,646.93	—	—	<b>167,646.93</b>	
<b>Total</b>	<b>3,256,136.97</b>	<b>851,065.00</b>	<b>(3,005,925.94)</b>	<b>1,101,276.03</b>	

**14. Intangible Assets****(1) Intangible assets**

Item	1/1/2013	Additions for the year	Deductions for the year	RMB	
				31/12/2013	
1. Total original book value	2,377,947,922.08	288,480,741.17	(81,765.81)	<b>2,666,346,897.44</b>	
Land use rights	2,317,992,745.82	254,633,909.25	—	<b>2,572,626,655.07</b>	
Others	59,955,176.26	33,846,831.92	(81,765.81)	<b>93,720,242.37</b>	
2. Total accumulated amortization	163,732,559.23	59,852,333.91	(73,515.81)	<b>223,511,377.33</b>	
Land use rights	130,977,749.37	50,609,054.51	—	<b>181,586,803.88</b>	
Others	32,754,809.86	9,243,279.40	(73,515.81)	<b>41,924,573.45</b>	
3. Total net book value of intangible assets	2,214,215,362.85	228,628,407.26	(8,250.00)	<b>2,442,835,520.11</b>	
Land use rights	2,187,014,996.45	204,024,854.74	—	<b>2,391,039,851.19</b>	
Others	27,200,366.40	24,603,552.52	(8,250.00)	<b>51,795,668.92</b>	

During the year, the original book value increased by RMB288,480,741.17 due to additions.

During the year, the original book value decreased by RMB81,765.81 due to disposals.

During the year, the accumulated amortization increased by RMB59,852,333.91 due to provisions.

During the year, the accumulated amortization decreased by RMB73,515.81 due to disposals.

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 14. Intangible Assets (continued)

##### (1) Intangible assets (continued)

As at 31 December 2013, among the intangible assets, the net book value of land use rights without land use right certificates amounted to RMB73,443,234.46, and the application of relevant land use right certificates is in progress.

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

Item	RMB	
	31/12/2013	31/12/2012
Located in mainland China — 10 to 50 years	2,391,039,851.19	2,187,014,996.45

#### 15. Goodwill

Name of investee or matters generating goodwill	1/1/2013	Additions for the year	Deductions for the year	RMB	
				31/12/2013	Impairment provision as at the end of the year
Baoding Changfu Pressings Co., Ltd. (保定長福衝壓件有限公司)	2,163,713.00	—	—	2,163,713.00	—

The above goodwill arose from the acquisition of additional 26% equity interests in Baoding Changfu Pressings Co., Ltd. (保定長福衝壓件有限公司) on 16 January 2003. The goodwill arising from business combination has been allocated to assets used for manufacturing and sales of pick-up trucks, sport utility vehicle (SUV) and cross-border vehicles in purpose of impairment testing. The management of the Group expected that no impairment provision will be required for goodwill during the reporting period.

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**16. Deferred tax assets and deferred tax liabilities****(1) Recognized deferred tax assets and deferred tax liabilities**

<b>Item</b>	<b>31/12/2013</b>	<i>RMB</i> 31/12/2012
Deferred tax assets:		
Provision for bad debts	<b>1,586,261.69</b>	5,274,009.78
Impairment provision for inventory	<b>1,418,961.76</b>	740,169.33
Impairment of Fixed assets	<b>10,323,924.41</b>	6,401,621.45
Impairment of construction in progress	<b>190,212.51</b>	450,888.89
Accrued expenses which are deductible upon payment	<b>90,728,437.56</b>	77,167,690.54
Advances which are taxable upon receipt	<b>30,128,122.27</b>	39,639,347.22
Deductible losses	<b>5,025,791.59</b>	2,412,934.77
Deferred income	<b>181,838,111.81</b>	155,891,922.03
Unrealized profit arising from the consolidation of financial statement	<b>69,210,699.54</b>	106,828,625.73
Others	<b>10,699,776.97</b>	14,906,501.93
<b>Subtotal</b>	<b>401,150,300.11</b>	409,713,711.67
Deferred tax liabilities:		
Financial assets held for trading	<b>(640,517.68)</b>	(1,747,696.09)
<b>Subtotal</b>	<b>(640,517.68)</b>	(1,747,696.09)
Deferred tax liabilities after offsetting as at the end of the reporting period	<b>400,509,782.43</b>	407,966,015.58

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 16. Deferred tax assets and deferred tax liabilities (continued)

##### (2) Temporary difference of deferred tax assets

Item	Temporary difference	
	31/12/2013	31/12/2012
		<i>RMB</i>
Deductible temporary difference:		
Provision for bad debts	<b>6,379,217.43</b>	21,696,125.61
Impairment provision for inventory	<b>6,495,471.32</b>	3,563,392.53
Impairment of Fixed assets	<b>65,053,338.50</b>	33,661,979.43
Impairment of construction in progress	<b>1,101,276.03</b>	3,256,136.97
Accrued expenses which are deductible upon payment	<b>416,988,167.13</b>	369,646,035.59
Advances which are taxable upon receipt	<b>121,381,548.96</b>	169,752,260.67
Deductible losses	<b>20,103,166.36</b>	9,651,739.09
Deferred income	<b>1,009,075,914.11</b>	837,333,515.31
Unrealized profit arising from the consolidation of financial statement	<b>307,609,294.19</b>	462,415,971.55
Others	<b>41,720,309.46</b>	64,844,423.02
<b>Subtotal</b>	<b>1,995,907,703.49</b>	1,975,821,579.77
Taxable temporary differences		
Financial assets held for trading	<b>(4,270,117.86)</b>	(11,651,307.26)
<b>Subtotal</b>	<b>(4,270,117.86)</b>	(11,651,307.26)
Deferred tax liabilities after offsetting as at the end of the reporting period	<b>1,991,637,585.63</b>	1,964,170,272.51

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**17. Impairment provision for assets**

*RMB*

Item	1/1/2013	Additions for the year	Deductions for the year Reversals	Write-offs	31/12/2013
1. Provision for bad debts	21,696,125.61	21,821,421.71	(29,547,844.28)	(7,590,485.61)	<b>6,379,217.43</b>
Of which: Provision for bad debts of accounts receivable	21,402,205.66	21,665,321.63	(29,543,061.78)	(7,273,535.53)	<b>6,250,929.98</b>
Provision for bad debts of other receivables	293,919.95	156,100.08	(4,782.50)	(316,950.08)	<b>128,287.45</b>
2. Impairment provision for inventory	3,563,392.53	7,976,011.51	(369,104.73)	(4,674,827.99)	<b>6,495,471.32</b>
3. Impairment provision for fixed assets	58,682,007.45	13,484,488.47	—	(7,113,157.42)	<b>65,053,338.50</b>
4. Impairment provision for construction work in process	3,256,136.97	851,065.00	—	(3,005,925.94)	<b>1,101,276.03</b>
Total	87,197,662.56	44,132,986.69	(29,916,949.01)	(22,384,396.96)	<b>79,029,303.28</b>

**18. Short term borrowing**

*RMB*

Project	2013.12.31	2012.12.31
Pledge loans ( <i>Note 1</i> )	<b>182,198,866.04</b>	—
Total	<b>182,198,866.04</b>	—

*Note 1:* At the end the reporting period, the balance of pledge bank loans were amounts due to account receivable factoring.

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 19. Bills payable

Category	RMB	
	31/12/2013	31/12/2012
Bank acceptance bills	4,539,529,276.71	4,341,672,114.91
Total	4,539,529,276.71	4,341,672,114.91

#### 20. Accounts payable

Item	RMB	
	31/12/2013	31/12/2012
Within 1 year	10,679,098,194.42	8,661,319,765.87
1 to 2 years	23,611,323.23	17,900,819.63
2 to 3 years	6,599,429.45	10,226,566.27
Over 3 years	2,860,795.05	7,983,649.26
Total	10,712,169,742.15	8,697,430,801.03

Note 1: Accounts payable aged over one year were primarily the remaining balances for raw materials due to suppliers.

Note 2: At the end of the reporting period, there was no accounts payable due to shareholders holding 5% or more voting shares of the Company.

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**21. Advance from customers**

Item	RMB	
	31/12/2013	31/12/2012
Within 1 year	<b>2,796,143,327.00</b>	3,179,680,656.77
1 to 2 years	<b>8,261,935.97</b>	7,350,923.95
2 to 3 years	<b>1,971,864.66</b>	4,332,891.92
Over 3 years	<b>2,375,640.82</b>	4,011,962.23
<b>Total</b>	<b>2,808,752,768.45</b>	3,195,376,434.87

Note 1: Advance receipts aged over one year were primarily the outstanding payment due from customers in previous years.

Note 2: At the end of the reporting period, there were no advances from customers due to shareholders holding 5% or more voting shares of the Company.

**22. Salaries payable**

Item	RMB			
	1/1/2013	Additions for the year	Deductions for the year	31/12/2013
1. Salaries, bonuses, allowances and subsidies	594,809,879.97	3,637,046,913.80	(3,336,637,676.11)	<b>895,219,117.66</b>
2. Staff welfare	29,703,112.60	367,375,185.91	(306,660,036.22)	<b>90,418,262.29</b>
3. Staff bonuses and welfare fund	69,592,379.84	—	—	<b>69,592,379.84</b>
4. Social insurance premiums				
Of which: Medical insurance	575,026.71	92,505,796.66	(93,088,396.40)	<b>(7,573.03)</b>
Basic retirement Insurance	596,766.15	231,210,279.57	(230,424,286.12)	<b>1,382,759.60</b>
Unemployment insurance	73,100.01	23,338,634.50	(23,411,056.03)	<b>678.48</b>
Work-related injury insurance	835,066.81	12,866,345.98	(12,875,468.99)	<b>825,943.80</b>
Maternity insurance	94,977.51	7,248,355.04	(7,344,001.36)	<b>(668.81)</b>
5. Housing provident funds	397,551.44	64,813,042.62	(65,205,343.06)	<b>5,251.00</b>
6. Labour union expenditures	33,156,051.68	53,842,746.02	(56,250,151.74)	<b>30,748,645.96</b>
7. Employees' education expenses	6,201,155.32	2,390,495.44	(5,065,652.82)	<b>3,525,997.94</b>
8. Service charge	—	70,035,647.53	(65,184,677.59)	<b>4,850,969.94</b>
<b>Total</b>	<b>736,035,068.04</b>	<b>4,562,673,443.07</b>	<b>(4,202,146,746.44)</b>	<b>1,096,561,764.67</b>

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

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 23. Taxes payable

Item	RMB	
	31/12/2013	31/12/2012
Value added tax	16,355,614.36	72,294,502.88
Consumption tax	144,218,254.05	133,833,234.98
Business tax	212,693.43	1,550,879.72
Enterprise income tax	293,297,642.08	277,503,240.98
Individual income tax	4,552,277.32	2,495,930.55
Urban maintenance and construction tax	33,195,254.36	25,353,755.29
Education surcharges	23,697,750.82	18,054,962.53
Duty stamp	8,523,859.12	4,989,504.85
Real estate tax	507,722.56	664,178.49
Others	2,713,871.52	339,300.38
<b>Total</b>	<b>527,274,939.62</b>	<b>537,079,490.65</b>

#### 24. Other payables

(1) *The breakdown of other payables was as follows:*

Item	RMB	
	31/12/2013	31/12/2012
Within 1 year	1,772,740,945.94	1,092,860,141.00
1 to 2 years	428,435,056.24	58,679,237.41
2 to 3 years	29,437,315.60	34,012,719.26
Over 3 years	39,437,035.88	34,088,727.32
<b>Total</b>	<b>2,270,050,353.66</b>	<b>1,219,640,824.99</b>

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

Other payables aged over one year are mainly:

**Tripartite deposits:** The Group charges the distributors such other payables according to tripartite agreements entered into with distributors and the bank when the agreements are signed. The deposits will be refunded when the cooperation with the distributors terminate.

**Performance bonds and security deposits:** The Group charges such other payables according to agreements entered into with contractors of construction projects. It was agreed that such bonds and deposits will be refunded if no safety incident was involved within a specific period after the completion of relevant projects.



**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**24. Other payables** (continued)**(3) Descriptions of other significant payable**

Other significant payable are mainly credit deposits paid by distributors and service credit deposits. Such deposits will be refunded in each year and the Group will charges such deposits when cooperate with distributors in next year.

**(4) At the end of the reporting period, there were no other payables due to shareholders holding 5% or more voting shares in the Company.**

**25. Non-current liabilities due within one year**

Item	31/12/2013	RMB 31/12/2012
Non-current liabilities due within one year	<b>69,258,714.61</b>	51,704,662.45

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

**26. Other current liabilities**

Item	31/12/2013	RMB 31/12/2012
Accrued after-sale service expenses	<b>496,688,994.94</b>	418,296,611.32
Accrued advertising and media service expenses	<b>6,300,184.03</b>	43,088,890.40
Accrued transportation costs	<b>10,034,796.87</b>	4,285,572.73
Accrued technology development expenditure	<b>24,062,506.83</b>	14,502,254.36
Accrued utilities fees	<b>18,571,976.44</b>	13,164,723.12
Accrued port charges	<b>3,865,575.90</b>	6,331,720.00
Others	<b>74,154,261.26</b>	40,558,104.29
Total	<b>633,678,296.27</b>	540,227,876.22

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 27. Other non-current liabilities

All the other non-current liabilities are government grants.

Type	1/1/2013	Additions for the year	Credited to Non-operating income for the year	Other movements	31/12/2013	RMB related to an asset/related to income
Infrastructure supporting fund (Note 1)	786,666,750.00	21,479,482.00	(2,365,365.75)	—	<b>805,780,866.25</b>	related to an asset
Government industrial policy supporting fund (Note 2)	411,078,956.33	—	(21,045,030.67)	—	<b>390,033,925.66</b>	related to an asset
Soft soil foundation subsidy (Note 3)	287,590,440.14	—	(6,114,973.96)	—	<b>281,475,466.18</b>	related to an asset
Hybrid power SUV development project (Note 4)	—	98,000,000.00	—	—	<b>98,000,000.00</b>	related to an asset
New technical centre infrastructure construction project (Note 5)	—	91,300,000.00	—	—	<b>91,300,000.00</b>	related to an asset
Tax refund for purchasing domestic manufactured equipment (Note 6)	82,325,705.46	—	(18,139,069.99)	—	<b>64,186,635.47</b>	related to an asset
Urban construction fund (Note 7)	60,102,706.97	—	(2,319,828.34)	—	<b>57,782,878.63</b>	related to an asset
Connected car project (Note 8)	—	12,000,000.00	—	—	<b>12,000,000.00</b>	related to an asset
Capital for new technical centre infrastructure construction (Note 9)	11,393,798.40	—	(237,370.80)	—	<b>11,156,427.60</b>	related to an asset
Subsidies for material technological innovation projects (Note 10)	8,816,666.57	—	(1,150,000.04)	—	<b>7,666,666.53</b>	related to an asset
Development fund for SMEs (Note 11)	5,589,493.84	—	(295,479.84)	—	<b>5,294,014.00</b>	related to an asset
863 plan (pure electronic motor) (Note 12)	2,600,000.00	460,000.00	(1,940,800.00)	—	<b>1,119,200.00</b>	related to income
Diesel engine development project fund (Note 13)	900,000.00	—	(100,000.00)	—	<b>800,000.00</b>	related to an asset
863 plan (power) (Note 14)	—	2,268,000.00	(2,268,000.00)	—	—	related to income
C20 pure electric car research and development (Note 15)	1,500,000.00	500,000.00	(2,000,000.00)	—	—	related to income
<b>Total</b>	<b>1,658,564,517.71</b>	<b>226,007,482.00</b>	<b>(57,975,919.39)</b>	<b>—</b>	<b>1,826,596,080.32</b>	
Less: Non-current liabilities due within one year	(51,704,662.45)				<b>(69,258,714.61)</b>	
<b>Other non-current liabilities</b>	<b>1,606,859,855.26</b>	<b>226,007,482.00</b>	<b>(57,975,919.39)</b>	<b>—</b>	<b>1,757,337,365.71</b>	

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 27. Other non-current liabilities (continued)

- Note 1:* According to the “Circular Regarding the Allocation of Infrastructure Construction Fund to Great Wall Motor Company Limited” issued by Baoding Xushui government, Xushui government allocated money to the Company as the supporting fund for the infrastructure (buildings and ancillary facilities) construction of 500,000-automobile and components and parts production base project in new Great Wall industrial area in Baoding.
- Note 2:* According to the “Provisional Regulations on the Development of Advanced Manufacturing Industry in Tianjin Economic-Technological Development Area” and the cooperation agreement entered into between Tianjin Economic-Technological Development Area and the Company, the Company and Tianjin Wantong and Tianjin Lean, subsidiaries of the Company, received industrial policy supporting fund from Tianjin Economic-Technological Development Area in 2009.
- Note 3:* According to the “Provisional Regulations on the Development of Advanced Manufacturing Industry in Tianjin Economic-Technological Development Area”, the cooperation agreement entered into between Tianjin Economic-Technological Development Area and the Company, and “Payment agreement of soft soil foundation treatment subsidy” of Tianjin Economic and Technological Development Zone Development Bureau, the Company and two subsidiaries of the company, Tianjin Wantong and Tianjin Lean, received soft soil foundation subsidiary from Tianjin Economic-Technological Development Area.
- Note 4:* According to the “Notice regarding reward fund appropriations in advance of new energy automobile industry technological innovation project by the Bureau of Finance in Baoding”, “New Plug-in Hybrid Power SUV Development Project” developed by the Company is shortlisted for the new energy vehicles industry technological innovation project.
- Note 5:* According to the “Notice regarding the Central Infrastructure Investment Expenditure Budget (Allocated Fund) for Revitalization of Industry and Technological Transformation in 2012 (Central evaluated second patch) by the Bureau of Finance in Baoding”, the Bureau of Finance in Southern Baoding allocated the Central Infrastructure Expenditure Budget (Allocated Fund) as Central Infrastructure expenditure budget (appropriation) quota for the construction project of the new technology centre of the Company exclusively.
- Note 6:* This refers to value-added tax refunded to the Company and Changcheng Axles Industries, a subsidiary of the Company, for the purchase of domestic manufactured equipment by foreign-invested enterprises.
- Note 7:* According to “Minutes of the Meeting Regarding Coordination of the Relevant Issues of New Factory Construction of Baoding Great Wall Motor Company Limited” (Baoding Zheng [2002] No.170) (保定政[2002]170號) issued by the office of Baoding government, Baoding Municipal Bureau of Finance allocated urban construction fund to the Group for land and related infrastructure construction exclusively.
- Note 8:* According to “Notice regarding supplemental fund for satellite and appliance industry development in 2013 by the Finance Department and Development and Reform Commission of Hebei Province”, the Bureau of Finance and Development and Reform in Baoding allocated money for the development of front installed telematics services platform and terminals based on the BeiDou Navigation Satellite System of the Company exclusively.
- Note 9:* According to the “Notice regarding the allocation of infrastructure construction fund to the new technology centre of Great Wall Motor Company Limited by the Bureau of Finance in Baoding”, the Bureau of Finance in Southern Baoding allocated money for the infrastructure construction of the new technology centre of the Company exclusively.
- Note 10:* According to “Notice regarding improving the ability of independent innovation and high-tech industry development projects in 2010 the first batch of the central budget for investment projects” issued by Hebei Development and Reform Commission and forwarded by Baoding Development and Reform Commission, Baoding Development and Reform Commission allocated money to the company for innovation project of Automobile safety and environmental protection. Baoding Finance Bureau allocated money to Great Wall Internal Combustion Engine, a subsidiary of the company for Diesel engine technology reconstruction project. Moreover, according to the “Notice Regarding the Central Infrastructure Expenditure Budget (Fund Allocated) for Independent Innovation and Advanced Technology Industrialization in 2011 by Bureau of Finance in Baoding”, the Bureau of Finance in Southern Baoding allocated the Central Infrastructure Expenditure Budget (Allocated Fund) as Central Infrastructure expenditure budget (appropriation) quota for the innovation project of the technology centre of the Company exclusively.

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 27. Other non-current liabilities (continued)

*Note 11:* According to "Circular regarding the Granting of the Development Fund for SMEs to Baoding Great Wall Resource Recycling Co., Ltd., the Bureau of Finance in Qingyuan granted a fund to Great Wall Resource Recycling, a subsidiary of the Company. The fund was used for the construction of infrastructure of a scrap steel project with annual capacity of 80,000 tons.

*Note 12:* According to "Mission statement of National High Technology Research and Development Program (Program 863)", in critical automotive powertrain technology projects of Modern transport technology areas, the company's development on diesel for high pressure beard common rail car was granted project research funding amounted to RMB460,000.

*Note 13:* According to "Notice regarding the projects and funding of Hebei Province Scientific and technological research and development program (the first batch)", the company's GW4D20 Diesel product development project was granted directly from the Bureau of Finance in Hebei Province.

*Note 14:* According to "Mission statement of National High Technology Research and Development Program (Program 863)", in critical automotive powertrain technology projects of Modern transport technology areas, the company's A0-class small city development of pure electric cars was granted project research funding amounted to RMB2,268,000.

*Note 15:* According to "Mission statement of Hebei Province's Major technological innovation projects", the company's research on project of "Research and development, and Research on industrialized technology of Great Wall Tengyi C20 pure electric car" assigned by Science and Technology Agency of Hebei Province, was granted project funding amounted to RMB500,000.

#### 28. Share capital

As at 31 December 2013, the registered capital of the Company amounted to RMB3,042,423,000.00 and the paid up share capital amounted to RMB3,042,423,000.00. The par value of the each share was RMB1.00. The type of shares and the capital structure were as follows:

Item	Opening balance	New issue	Changes for the year			Subtotal	Closing balance
			Bonus shares	Shares transfer from reserve	Others		
<i>RMB</i>							
<b>For the year 2012:</b>							
Promoters' shares	1,705,000,000.00	-	-	-	-	-	1,705,000,000.00
Outstanding overseas listed foreign shares	1,033,180,000.00	-	-	-	-	-	1,033,180,000.00
Outstanding domestic listed RMB ordinary shares	304,243,000.00	-	-	-	-	-	304,243,000.00
<b>Total number of shares</b>	<b>3,042,423,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,042,423,000.00</b>
<b>For the year 2011:</b>							
Promoters' shares	1,705,000,000.00	-	-	-	-	-	1,705,000,000.00
Outstanding overseas listed foreign shares	1,033,180,000.00	-	-	-	-	-	1,033,180,000.00
Outstanding domestic listed RMB ordinary shares	304,243,000.00	-	-	-	-	-	304,243,000.00
<b>Total number of shares</b>	<b>3,042,423,000.00</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,042,423,000.00</b>

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**29. Capital reserves**

RMB

Item	Opening balance	Additions for the year	Deductions for the year	Closing balance
<b>For the year 2013:</b>				
Capital premiums	4,509,010,149.89	—	—	4,509,010,149.89
Other capital reserves	(47,900,840.64)	—	(7,237,105.23)	(55,137,945.87)
Of which: Transfer from capital reserves under the previous standards	14,823,095.08	—	(911,286.00)	13,911,809.08
Difference between the consideration of acquiring minority interest in subsidiary and the book value of minority interest (Note 1)	(31,236,284.46)	—	(6,325,819.23)	(37,562,103.69)
Translation differences of foreign capital	27,752.39	—	—	27,752.39
Reserve for revaluation gain of assets	(31,515,403.65)	—	—	(31,515,403.65)
<b>Total</b>	<b>4,461,109,309.25</b>	<b>—</b>	<b>(7,237,105.23)</b>	<b>4,453,872,204.02</b>
<b>For the year 2012:</b>				
Capital premiums	4,509,010,149.89	—	—	4,509,010,149.89
Other capital reserves	(45,215,062.94)	—	(2,685,777.70)	(47,900,840.64)
Of which: Transfer from capital reserves under the previous standards	14,823,095.08	—	—	14,823,095.08
Difference between the consideration of acquiring minority interest in subsidiary and the book value of minority interest	(28,550,506.76)	—	(2,685,777.70)	(31,236,284.46)
Translation differences of foreign capital	27,752.39	—	—	27,752.39
Reserve for revaluation gain of assets	(31,515,403.65)	—	—	(31,515,403.65)
<b>Total</b>	<b>4,463,795,086.95</b>	<b>—</b>	<b>(2,685,777.70)</b>	<b>4,461,109,309.25</b>

Note 1: The Company and Billion Sunny Development, the Company's subsidiary, acquired minority interests in Macs in 2013, and the difference between the attributable carrying amount of net assets of the subsidiary, which was calculated at the proportion of additional shareholding, and the costs of acquisition was debited in capital reserves.

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 30. Surplus reserves

RMB

Item	Opening balance	Additions for the year	Deductions for the year	Closing balance
<b>For the year 2013:</b>				
Statutory surplus reserves (Note 1)	1,780,400,059.35	156,230,218.21	(108,917,034.51)	1,827,713,243.05
Discretionary surplus reserves	2,855,650.48	—	—	2,855,650.48
Enterprise expansion fund	53,119,475.87	—	—	53,119,475.87
Reserve fund	129,719,165.95	16,615,142.54	—	146,334,308.49
Tax credit for social welfare enterprises	251,838,024.75	—	—	251,838,024.75
<b>Total</b>	<b>2,217,932,376.40</b>	<b>172,845,360.75</b>	<b>(108,917,034.51)</b>	<b>2,281,860,702.64</b>
<b>For the year 2012:</b>				
Statutory surplus reserves	1,170,268,598.53	610,131,460.82	—	1,780,400,059.35
Discretionary surplus reserves	2,855,650.48	—	—	2,855,650.48
Enterprise expansion fund	53,119,475.87	—	—	53,119,475.87
Reserve fund	105,163,923.73	24,555,242.22	—	129,719,165.95
Tax credit for social welfare enterprises	251,838,024.75	—	—	251,838,024.75
<b>Total</b>	<b>1,583,245,673.36</b>	<b>634,686,703.04</b>	<b>—</b>	<b>2,217,932,376.40</b>

Note 1: As at November 2013, the Company merged the Company's subsidiaries, namely Baoding Xincheng, Great Wall Botai and Baoding Xinchang. The surplus reserves from previous period of the merged subsidiaries are credited to undistributed profits of the Company.

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**31. Undistributed profits**

Item	Amount	RMB Proportion of appropriation or allocation
<b>For the year 2013:</b>		
Undistributed profits at the beginning of the year	11,799,009,548.92	
Add: Net profits attributable to the shareholders of the Company of the year	8,223,648,390.71	
Other	108,917,034.51	(VI)30
Less: Appropriation of statutory surplus reserves	(156,230,218.21)	(1)
Appropriation of discretionary surplus reserves	—	
Appropriation of enterprise expansion fund	—	(2)
Appropriation of reserve fund	(16,615,142.54)	(2)
Distribution of cash dividends	(1,734,181,110.00)	(3)
Appropriation of staff incentive bonus and welfare fund	—	(2)
Undistributed profits at the end of the year	18,224,548,503.39	
<b>For the year 2012:</b>		
Undistributed profits at the beginning of the year	7,653,974,196.03	
Add: Net profits attributable to the shareholders of the Company of the year	5,692,448,955.93	
Less: Appropriation of statutory surplus reserves	(610,131,460.82)	(1)
Appropriation of discretionary surplus reserves	—	
Appropriation of enterprise expansion fund	—	(2)
Appropriation of reserve fund	(24,555,242.22)	(2)
Distribution of cash dividends	(912,726,900.00)	(3)
Appropriation of staff incentive bonus and welfare fund	—	(2)
Undistributed profits at the end of the year	11,799,009,548.92	

**(1) Appropriation of statutory surplus reserves**

As required by the Articles of Association, statutory surplus reserve shall be withdrawn at 10% of net profit. If the accumulated amount of the Company's statutory surplus reserve is over 50% of its registered capital, no provision. Subject to certain provisions of the Company Law and the Articles of Association, part of the statutory surplus reserve may be transferred into the share capital of the Company provided that the balance of statutory surplus reserve shall not be less than 25% of its registered capital.

Appropriation of statutory surplus reserves for the year includes the statutory surplus reserves withdrawn by subsidiaries of the Company.

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**31. Undistributed profits** (continued)**(2) Appropriation of enterprise expansion fund, reserve fund and staff bonus and welfare fund**

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

**(3) Cash dividend as approved at the shareholders' meeting for the year**

The 2012 Annual General Meeting of the Company held on 10 May 2013 considered and approved the resolution regarding the profit distribution proposal for the year 2012. The Company declared the 2012 annual cash dividend of RMB0.57 per share (tax inclusive) to all shareholders, aggregating to RMB1,734,181,110.00 based on the total of 3,042,423,000 shares with a par value of RMB1 each.

**(4) Distribution of profits after balance sheet date**

On the basis of a total of 3,042,423,000.00 shares with a par value of RMB1 each in 2013, the Company proposed to declare a cash dividend of RMB2,494,786,860.00 at RMB0.82 per share (tax inclusive) in respect of the year ended 31 December 2013 has been proposed by the board of directors and is subject to approval by the shareholders in general meeting.

**32. Operating revenue and operating costs****(1) Operating revenue**

<b>Item</b>	<b>2013</b>	<i>RMB</i> 2012
Revenue from principal businesses	<b>56,470,444,146.29</b>	42,702,506,049.36
Of which: Revenue from the sale of automobiles	<b>53,796,377,928.75</b>	40,728,457,563.03
Revenue from the sale of automotive parts and components	<b>2,038,790,325.13</b>	1,328,471,251.16
Revenue from the sale of molds and others	<b>512,843,412.33</b>	546,485,766.24
Revenue from providing services	<b>122,432,480.08</b>	99,091,468.93
Revenue from other businesses	<b>313,870,198.01</b>	457,460,599.03
Total	<b>56,784,314,344.30</b>	43,159,966,648.39



**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**32. Operating revenue and operating costs** (continued)**(2) Operating costs**

Item	2013	RMB 2012
Costs from principal businesses	<b>40,329,600,319.04</b>	31,223,028,091.53
Of which: Expenses from the sales of automobiles	<b>38,233,033,069.57</b>	29,657,839,270.62
Expenses from the sales of automotive parts and components	<b>1,567,954,450.67</b>	1,006,242,159.12
Expenses from the sale of molds and others	<b>419,768,056.70</b>	468,710,310.53
Expenses from providing services	<b>108,844,742.10</b>	90,236,351.26
Expenses from other businesses	<b>208,394,343.08</b>	338,473,276.56
Total	<b>40,537,994,662.12</b>	31,561,501,368.09

**(3) Operating revenue from top five customers of the Group**

Name of customer	Operating revenue	RMB Percentage of the total operating revenue of the Company (%)
Customer 1	<b>1,587,050,124.05</b>	2.79
Customer 2	<b>1,346,541,985.55</b>	2.37
Customer 3	<b>1,094,779,456.98</b>	1.93
Customer 4	<b>1,084,051,412.55</b>	1.91
Customer 5	<b>1,016,783,764.16</b>	1.79
Total	<b>6,129,206,743.29</b>	10.79

**33. Business tax and surcharges**

Item	2013	RMB 2012
Business tax	<b>12,363,584.99</b>	11,061,149.52
Consumption tax	<b>1,493,604,669.38</b>	1,207,656,990.74
Urban maintenances and construction tax	<b>307,680,224.28</b>	211,532,420.93
Educational surcharges	<b>221,159,741.13</b>	151,560,522.08
Others	<b>22,223,441.61</b>	12,954,031.71
Total	<b>2,057,031,661.39</b>	1,594,765,114.98

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 34. Sales expenses

Item	2013	RMB 2012
Transportation expenses	826,041,334.27	631,162,189.40
After-sale services expenses	526,141,132.97	492,624,221.25
Wages and salaries	169,852,375.45	136,373,505.58
Taxes	32,599,298.20	20,457,520.92
Advertising and media services fees	206,707,743.58	250,481,626.91
Port charges	54,466,259.33	55,637,168.19
Travelling expenses	15,260,072.06	17,561,587.02
Others	64,194,393.94	52,054,249.84
<b>Total</b>	<b>1,895,262,609.80</b>	<b>1,656,352,069.11</b>

#### 35. Administrative expenses

Item	2013	RMB 2012
Technology development expenditures	1,692,880,148.50	956,565,066.15
Wages and salaries	634,550,564.55	456,104,012.41
Taxes	93,898,100.15	73,762,797.49
Depreciation and Amortization	86,665,426.36	77,696,479.03
Business reception fees	9,674,736.33	6,981,557.99
Office expenses	49,931,761.09	44,348,660.00
Repair and maintenance fees	81,564,182.19	54,683,662.28
Auditors' remuneration ( <i>Note 1</i> )	2,914,576.94	3,372,157.75
Service charges	22,249,674.49	18,802,891.55
Others	73,087,953.53	51,382,341.31
<b>Total</b>	<b>2,747,417,124.13</b>	<b>1,743,699,625.96</b>

*Note 1:* Among this, the Company pay the mid-term and annual auditors' remuneration to Deloitte with RMB2.68 million.

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**36. Impairment loss on assets**

Item	2013	RMB 2012
1. Loss on bad debts	<b>(7,726,422.57)</b>	11,401,996.68
2. Loss on impairment of inventory	<b>7,606,906.78</b>	2,028,785.28
3. Loss on impairment of fixed assets	<b>13,484,488.47</b>	58,682,007.45
4. Loss on impairment of construction in progress	<b>851,065.00</b>	3,256,136.97
Total	<b>14,216,037.68</b>	75,368,926.38

**37. Profit or loss from changes in fair value**

Item	2013	RMB 2012
Derivative financial instruments measured at fair value	<b>(7,381,189.40)</b>	10,473,607.26
Total	<b>(7,381,189.40)</b>	10,473,607.26

**38. Investment income****(1) Breakdown of investment income**

Item	2013	RMB 2012
Income from long-term equity investments under equity method	<b>11,341,964.57</b>	2,215,877.19
Income from available-for-sale financial asset investment	<b>36,861,734.52</b>	12,080,241.10
Income generated from the equity interests in acquirees held prior to the date of acquisition and measured at fair value (Note 1)	—	5,026,762.03
Investment gains from the disposal of long-term equity investments	<b>10,972,610.88</b>	—
Total	<b>59,176,309.97</b>	19,322,880.32

Note 1: Prior to November 2012, Baoding Xinchang (保定信昌) was a jointly controlled entity of the Company. The Company acquired 55% equity interests in Baoding Xinchang in November 2012. Difference between the carrying amount and fair value of equity interests originally held by the Company as at the date of acquisition was recognized as investment gains of RMB5,026,762.03.

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 38. Investment income (continued)

##### (2) Income from long-term equity investments under equity method:

Investee	RMB	
	2013	2012
Baoding Jiehua Automobile Components and Accessories Company Limited (保定杰華汽車零部件有限公司)	116,908.17	71,814.94
Yanfeng Johnson (延鋒江森)	11,225,056.40	3,301,186.28
Baoding Xinchang (保定信昌)	—	(1,157,124.03)
Total	11,341,964.57	2,215,877.19

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

#### 39. Non-operating income

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

Item	RMB		
	2013	2012	Amount included in extraordinary gains and losses
Total gains from disposal of non-current assets	2,458,346.61	40,290,496.48	2,458,346.61
Of which: Gains from disposal of fixed assets	2,458,346.61	3,296,634.06	2,458,346.61
Gains from disposal of intangible assets	—	36,993,862.42	—
Government grants	210,023,578.95	122,351,085.11	210,023,578.95
Difference of fair value of net identifiable assets of subsidiaries acquired in excess of the cost of business combination (Note IX.1)	—	5,258,366.64	—
Gains from compensation	12,117,078.72	7,413,812.25	12,117,078.72
Unpayable amount	35,442,068.95	27,310,575.62	35,442,068.95
Others	18,796,428.20	17,946,512.14	18,796,428.20
Total	278,837,501.43	220,570,848.24	278,837,501.43

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## 39. Non-operating income (continued)

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

Item	2013	2012	RMB related to an asset/related to income
Infrastructure supporting fund	2,365,365.75	—	related to an asset
Funds in support of the industrial policy of the government	21,045,030.67	20,331,824.39	related to an asset
Subsidies for soft soil foundation section	6,114,973.96	45,240,586.23	related to an asset
Domestic equipment rebate	18,139,069.99	19,688,101.89	related to an asset
Urban construction funds	2,319,828.34	2,319,828.34	related to an asset
New Technology center of land	237,370.80	237,370.80	related to an asset
Significant technical innovation project grant	1,150,000.04	1,150,000.04	related to an asset
Special funds for SME development	295,479.84	295,479.84	related to an asset
863 plan (pure electronic motor)	1,940,800.00	—	related to income
Engine development	100,000.00	100,000.00	related to an asset
863 plan (power)	2,268,000.00	2,419,200.00	related to income
C20 pure electric car research and development	2,000,000.00	—	related to income
Welfare enterprises VAT refund (Note 1)	18,821,289.29	17,470,105.26	related to income
Other government grants			related to income
Includes: Technical transformation project funds and foreign trade service	1,533,621.00	4,737,120.00	related to income
Innovation subsidy	200,000.00	2,064,900.00	related to income
Fiscal subsidy	122,114,053.07	2,518,520.00	related to income
Technology development bonus	930,000.00	820,000.00	related to income
Giant project subsidy supported by Hebei province	500,000.00	1,000,000.00	related to income
IPO incentive subsidy	—	1,000,000.00	related to income
Discount subsidy for imported products	4,992,516.00	—	related to income
Special subsidy for high-level talents	1,036,000.00	—	related to income
Others	1,920,180.20	958,048.32	related to income
<b>Total</b>	<b>210,023,578.95</b>	122,351,085.11	

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

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 40. Non-operating expenses

Item	2013	RMB	
		2012	Amount included in extraordinary gains and losses
Total loss on disposal of non-current assets	<b>14,282,657.51</b>	27,126,762.49	14,282,657.51
Of which: Loss on disposal of fixed assets	<b>14,272,506.36</b>	27,126,762.49	14,272,506.36
Loss on disposal of intangible assets	<b>10,151.15</b>	—	10,151.15
Donations	<b>6,088,689.12</b>	6,704,138.87	6,088,689.12
Expenses for compensations and fines	<b>3,789,059.93</b>	3,849,607.82	3,789,059.93
Others	<b>2,992,626.38</b>	5,255,712.35	2,992,626.38
<b>Total</b>	<b>27,153,032.94</b>	42,936,221.53	27,153,032.94

#### 41. Income tax expenses

Item	2013	RMB	
		2012	
Current income tax calculated according to tax laws and relevant rules	<b>1,684,127,866.26</b>	1,175,022,536.19	
Deferred income tax	<b>3,462,207.52</b>	(56,057,544.71)	
<b>Total</b>	<b>1,687,590,073.78</b>	1,118,964,991.48	

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

Item	2013	RMB	
		2012	
Accounting profit/loss	<b>9,919,721,781.39</b>	6,841,036,323.94	
Income tax rate	<b>25%</b>	25%	
Income tax calculated at tax rate of 25%	<b>2,479,930,445.35</b>	1,710,259,080.99	
Income tax credit for investment in environmental protection equipment	<b>—</b>	(81,196.58)	
Tax holidays, exemptions and concessionary rates	<b>(699,439,943.74)</b>	(520,361,801.55)	
Additional tax deduction for research and development expenses	<b>(116,234,751.30)</b>	(84,825,627.35)	
Tax effect of non-taxable income	<b>(4,263,076.13)</b>	(553,969.30)	
Tax effect of non-deductible expenses	<b>27,597,399.60</b>	14,528,505.27	
<b>Total</b>	<b>1,687,590,073.78</b>	1,118,964,991.48	

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**42. Net profit**

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

Item	Note	RMB	
		2013	2012
Depreciation for Fixed Assets	(VI)12	<b>1,095,173,891.02</b>	889,578,909.54
Depreciation for investment properties	(VI)11	<b>161,943.13</b>	161,943.13
Amortisation of intangible assets	(VI)14	<b>59,852,333.91</b>	54,579,185.11
Total depreciation and amortisation		<b>1,155,188,168.06</b>	944,320,037.78
(Gain)/loss on disposal of non-current assets	(VI)39,40	<b>11,824,310.90</b>	(13,163,733.99)
Gross rental income from investment properties		<b>1,900,000.00</b>	1,900,000.00
Employee benefits expense	(VI)22	<b>4,562,637,443.07</b>	3,065,565,917.77

**43. Calculation of basic and diluted earnings per share**

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

Item	RMB	
	2013	2012
Net profit attributable to ordinary shareholders	<b>8,223,648,390.71</b>	5,692,448,955.93
Of which: Net profit attributable to continuing operations	<b>8,223,648,390.71</b>	5,692,448,955.93
Total	<b>8,223,648,390.71</b>	5,692,448,955.93

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

Item	2013		2012
Number of outstanding ordinary shares at the beginning of the year	<b>3,042,423,000.00</b>		3,042,423,000.00
Add: Weighed number of ordinary shares issued in the year	—		—
Less: Weighted number of ordinary shares repurchased in the year	—		—
Weighted number of outstanding ordinary shares at the end of the year	<b>3,042,423,000.00</b>		3,042,423,000.00

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

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

Item	2013	RMB 2012
Based on the net profit attributable to shareholders of the Company:	<b>8,223,648,390.71</b>	5,692,448,955.93
Basic earnings per share	<b>2.70</b>	1.87
Diluted earnings per share	<b>N/A</b>	N/A
Based on the net profit from continuing operations attributable to shareholders of the Company:	<b>8,223,648,390.71</b>	5,692,448,955.93
Basic earnings per share	<b>2.70</b>	1.87
Diluted earnings per share	<b>N/A</b>	N/A

#### 44. Other comprehensive income

##### *Foreign currency translation differences*

Item	2013	RMB 2012
At 1 January	<b>(6,230,241.74)</b>	(6,329,603.59)
Exchange differences arising on translation to presentation currency	<b>(576,149.58)</b>	99,361.85
At 31 December	<b>(6,806,391.32)</b>	(6,230,241.74)

#### 45. Notes to cash flow statements

##### (1) *Other cash received relating to operating activities*

Item	2013	RMB 2012
Interest income	<b>99,984,275.65</b>	126,994,973.74
Government grants	<b>136,454,370.27</b>	13,098,588.32
Others	<b>30,893,506.92</b>	27,629,655.88
Total	<b>267,332,152.84</b>	167,723,217.94



**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**45. Notes to cash flow statements** (continued)**(2) Other cash paid relating to operating activities**

Item	2013	RMB 2012
Advertising and media services fee	243,496,449.95	279,054,996.79
Transportation costs and port charges	877,224,513.56	684,499,228.01
Technology development expenditures	696,232,781.97	385,841,887.44
After-sales charges and repairs charges	529,312,931.54	270,036,330.21
Business entertainment expenses and office expenses	61,545,521.79	60,278,488.46
Travelling expenses	15,260,072.06	17,561,587.02
Consultation fees	22,249,674.49	18,802,891.55
Others	188,504,146.92	58,082,523.50
Total	2,633,826,092.28	1,774,157,932.98

**(3) Other cash received relating to investing activities**

Item	2013	RMB 2012
Government grants	222,779,482.00	324,072,170.64
Total	222,779,482.00	324,072,170.64

**(4) Other cash paid relating to financing activities**

Item	2013	RMB 2012
Decrease in restricted bank deposits	—	59,360,569.88
Total	—	59,360,569.88

**(5) Other cash payments relating to financing activities**

Item	2013	RMB 2012
Increase in restricted bank deposits	726,427,896.94	—
Acquisition of a subsidiary of minority interests	29,906,700.00	128,596,699.99
Total	756,334,596.94	128,596,699.99

# Notes to the Financial Statements

For the year ended 31 December 2013

## VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

### 46. Supplemental information of cash flow statements

#### (1) Supplemental information of cash flow statements

Supplemental information	2013	RMB 2012
<b>1. Reconciliation of net profits and cash flow from operating activities:</b>		
Net profits	<b>8,232,131,707.61</b>	5,722,071,332.46
Add: Impairment provisions for assets	<b>14,216,037.68</b>	75,368,926.38
Depreciation of fixed assets	<b>1,095,173,891.02</b>	889,578,909.54
Amortization of intangible assets	<b>59,852,333.91</b>	54,579,185.11
Amortization of long-term prepaid expenses	<b>9,496,711.64</b>	5,070,437.80
Depreciation of real estate held for investment	<b>161,943.13</b>	161,943.13
(Gains)/losses from change of fair value	<b>7,381,189.40</b>	(10,473,607.26)
(Gains)/losses on disposal of fixed assets, intangible assets and other long-term assets	<b>11,824,310.90</b>	(15,030,430.49)
Amortization of deferred gains	<b>(54,747,919.39)</b>	(91,782,391.53)
Financing costs/(gains)	<b>10,288,521.97</b>	10,234,932.40
Difference of fair value of net identifiable assets of subsidiaries acquired in excess of the cost of business combination	—	(5,258,366.64)
Investment losses/(gains)	<b>(59,176,309.97)</b>	(19,322,880.32)
(Increase)/decrease in deferred tax assets	<b>3,462,207.52</b>	(56,057,544.71)
(Increase)/decrease in inventories	<b>(383,706,724.00)</b>	(77,299,258.69)
(Increase)/decrease in operating receivables	<b>(2,785,109,635.49)</b>	(6,325,380,177.21)
Increase/(decrease) in operating payables	<b>2,877,795,131.63</b>	4,180,509,792.24
Net cash flows from operating activities	<b>9,039,043,397.56</b>	4,336,970,802.21
<b>2. Net change in cash and cash equivalents:</b>		
Cash balance at the end of the year	<b>5,522,642,764.49</b>	5,595,535,544.33
Less: Cash balance at the beginning of the year	<b>5,595,535,544.33</b>	6,306,279,224.47
Cash equivalents balance at the end of the year	<b>(72,892,779.84)</b>	(710,743,680.14)

**VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS** (continued)**46. Supplemental information of cash flow statements** (continued)**(2) Information related to the acquisition or disposal of subsidiaries and other business units**

Item	2013	RMB 2012
I. Information regarding subsidiaries and other operating entities		
1. Considerations of acquisition of subsidiaries and other operating entities	—	22,000,000.00
2. Cash or cash equivalents paid for acquisition of subsidiaries and other operating entities	—	22,000,000.00
Less: Cash or cash equivalents held by subsidiaries and other operating entities.	—	(18,646,757.18)
3. Net cash or cash equivalents paid (received) in respect of acquisition of subsidiaries and other operating entities.	—	3,353,242.82
4. Net assets of subsidiaries acquired	—	49,560,666.62
Current assets	—	23,678,599.62
Non-current assets	—	29,547,431.03
Current liabilities	—	(3,665,364.03)
Non-current liabilities	—	—
II. Information regarding subsidiaries and other operating entities disposed:		
1. Considerations of disposal of subsidiaries and other operating entities	<b>98,450,000.00</b>	—
2. Cash or cash equivalents received for disposal of subsidiaries and other operating entities	<b>98,450,000.00</b>	—
Less: Cash or cash equivalents held by subsidiaries and other operating entities	<b>(3,226,923.83)</b>	—
3. Net cash received in respect of disposal of subsidiaries and other operating entities	<b>95,223,076.17</b>	—
4. Net assets of subsidiaries disposed	<b>87,477,389.12</b>	—
Current assets	<b>79,012,259.69</b>	—
Non-current assets	<b>21,933,401.74</b>	—
Current liabilities	<b>(13,468,272.31)</b>	—
Non-current liabilities	—	—

## Notes to the Financial Statements

For the year ended 31 December 2013

### VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

#### 46. Supplemental information of cash flow statements (continued)

##### (3) Components of cash and cash equivalents

Item	2013	RMB 2012
I. Cash	<b>5,522,642,764.49</b>	5,595,535,544.33
Of which: Cash in hand	<b>1,568,645.22</b>	1,850,201.45
Bank deposits readily available for payment	<b>5,521,074,119.27</b>	5,593,685,342.88
Other cash and bank balances readily available for payment	—	—
II. Cash and cash equivalent balance as at the end of the year	<b>5,522,642,764.49</b>	5,595,535,544.33

#### 47. Net current assets

Item	31/12/2013	RMB 31/12/2012
Current assets	<b>31,026,191,451.06</b>	25,847,677,215.69
Less: Current liabilities	<b>(22,839,474,722.18)</b>	(19,319,167,273.16)
Net current assets	<b>8,186,716,728.88</b>	6,528,509,942.53

#### 48. Total assets less current assets

Item	31/12/2013	31/12/2012
Total assets	<b>52,604,808,931.29</b>	42,569,396,536.78
Less: Current liabilities	<b>(22,839,474,722.18)</b>	(19,319,167,273.16)
Total assets less current liabilities	<b>29,765,334,209.11</b>	23,250,229,263.62

## VII. RELATED PARTIES AND TRANSACTIONS

### 1. Related parties with controlling interests

Name of company	Relationship	Form of corporation	Place of registration	Authorized representative	Nature of business	Registered capital	Shareholding	Shareholding	Ultimate owner	Company code
							of holding company (%)	of holding company (%)		
Boading Innovation Great Wall Asset Management Company Limited (保定創新長城資產管理有限公司)	Controlling shareholder	Incorporation	Baoding	Wei Jian Jun	Business planning and management advisory	390,000,000.00	56.04	56.04	Wei Jian Jun	78258703-6

RMB

The Company's ultimate controlling shareholder is Wei Jianjun.

### 2. Subsidiaries of the Company

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

### 3. Jointly controlled entities and associated companies of the Company

Details of the jointly controlled entities of the Company are set out in Note (VI) 10.

### 4. Other related parties of the Company

Name of other related parties	Relationship	Company code
Baoding Tai Hang Pump Manufacturing Company Limited (保定市太行製泵有限公司)	Company directly controlled by controlling shareholder	10597749-1
Baoding Bo Chuang Real Estate Development Co., Ltd. (保定市博創房地產開發有限公司)	Company directly controlled by controlling shareholder	68926059-X
Baoding Changcheng Real Estate Development Co., Ltd. (保定市長城房地產開發建設集團有限公司)	Company directly controlled by controlling shareholder	70075186-8
Beijing Weide Automobile System Accessories Company Limited (北京威德汽車系統配套有限公司)	Company indirectly controlled by Wei Jian Jun	71774831-5
Hebei Baoding Tai Hang Group Company Limited (河北保定太行集團有限責任公司)	Company directly controlled by related natural person (Wei De Yi)	10596659-X
Baoding Tai Hang Steel Structure Construction Company Limited (保定太行鋼結構工程有限 公司)	Company indirectly controlled by controlling shareholder	60117199-9
Baoding Tai Hang Rosemex Engineering Company Limited (保定太行熱士美工業有限公司)	Company significantly influenced by related natural person (Wei De Yi)	60120863-2
Beijing Dongfang Riya Kemao Company Limited (北京東方日瓦科貿有限公司)	Company directly controlled by Wei Jian Jun	10299371-X
He Bei Bao Cang Expressway Co., Ltd (河北保滄高速公路有限公司)	Company significantly influenced by Wei Jian Jun	76982156-1
The Management Centre of Collective Assets of Nandayan Town, Nanshi District, Baoding (保定市南市區南大園鄉集體資產託管中心)	Minority shareholder of the controlling shareholder	72879122-0

## Notes to the Financial Statements

For the year ended 31 December 2013

### VII. RELATED PARTIES AND TRANSACTIONS (continued)

#### 5. Related party transactions

##### (1) Procurement of raw materials and accessories

RMB

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	2013	
				Amount	Percentage of total amount (%)
Yanfeng Johnson	Purchase	Purchase of raw materials	Mutually agreed price	446,162,894.56	0.98
Hebei Baoding Taihang Company Limited	Purchase	Purchase of raw materials	Mutually agreed price	37,777.78	—
Beijing Weide Automobile System Accessories Company Limited	Purchase	Purchase of raw materials	Mutually agreed price	22,947.80	—

RMB

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	2012	
				Amount	Percentage of total amount (%)
Yanfeng Johnson	Purchase	Purchase of raw materials	Mutually agreed price	281,932,961.12	0.85
Baoding Xinchang	Purchase	Purchase of raw materials	Mutually agreed price	54,234,686.91	0.16
Hebei Baoding Taihang Company Limited	Purchase	Purchase of raw materials	Mutually agreed price	13,589.74	—
Beijing Weide Automobile System Accessories Company Limited	Purchase	Purchase of raw materials	Mutually agreed price	4,192.74	—

## VII. RELATED PARTIES AND TRANSACTIONS (continued)

### 5. Related party transactions (continued)

#### (2) Sales of automobiles and automotive parts

RMB

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	2013	
				Amount	Percentage of total amount (%)
Yanfeng Johnson	Sale	Automobiles and automotive parts	Mutually agreed price	250,633.74	—

RMB

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	2012	
				Amount	Percentage of total amount (%)
He Bei Bao Cang Expressway Co., Ltd	Sale	Automobiles and automotive parts	Mutually agreed price	271,282.05	—
Baoding Bo Chuang Real Estate Development Co., Ltd.	Sale	Automobiles and automotive parts	Mutually agreed price	247,350.43	—
The Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding	Sale	Automobiles and automotive parts	Mutually agreed price	212,478.64	—
Baoding Xinchang	Sale	Automobiles and automotive parts	Mutually agreed price	163,717.11	—
Yanfeng Johnson	Sale	Automobiles and automotive parts	Mutually agreed price	10,887.63	—

# Notes to the Financial Statements

For the year ended 31 December 2013

## VII. RELATED PARTIES AND TRANSACTIONS (continued)

### 5. Related party transactions (continued)

#### (3) Purchase of fixed assets

RMB

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	2013	
				Amount	Percentage of total amount (%)
Hebei Baoding Tai Hang Group Company Limited	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	384,615.38	0.01
Yanfeng Johnson	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	55,665.31	—
Beijing Weide Automobile System Accessories Company Limited	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	22,750.00	—
Baoding Tai Hang Pump Manufacturing Company Limited	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	27,665.00	—

RMB

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	2012	
				Amount	Percentage of total amount (%)
Baoding Xinchang	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	19,045,853.48	0.41
Hebei Baoding Tai Hang Group Company Limited	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	3,206,157.31	0.07
Baoding Tai Hang Steel Structure Construction Company Limited	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	403,060.00	0.01
Yanfeng Johnson	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	80,002.08	—
Beijing Weide Automobile System Accessories Company Limited	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	49,000.00	—
Baoding Tai Hang Pump Manufacturing Company Limited	Purchase of fixed assets	Purchase of fixed assets	Mutually agreed price	35,454.91	—



**VII. RELATED PARTIES AND TRANSACTIONS** (continued)**5. Related party transactions** (continued)**(4) Sale of fixed assets**

Related parties	Category of related party transactions	Related party transaction	Pricing and decision-making procedure	RMB	
				2013 Amount	Percentage of total amount (%)
Baoding Great Wall Exploitation and Construction Group Company Limited	Sale of fixed assets	Sale of fixed assets	Mutually agreed price	49,038.46	0.47

**(5) Purchase of services**

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	RMB	
				2013 Amount	Percentage of total amount (%)
Hebei Baoding Tai Hang Group Company Limited	Purchase of services	Purchase of services	Mutually agreed price	63,931.62	—

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	RMB	
				2012 Amount	Percentage of total amount (%)
Baoding Tai Hang Pump Manufacturing Company Limited	Purchase of services	Purchase of services	Mutually agreed price	35,585.45	0.01
Hebei Baoding Tai Hang Group Company Limited	Purchase of services	Purchase of services	Mutually agreed price	16,102.56	—

# Notes to the Financial Statements

For the year ended 31 December 2013

## VII. RELATED PARTIES AND TRANSACTIONS (continued)

### 5. Related party transactions (continued)

#### (6) Rendering of services

RMB

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	2013	
				Amount	Percentage of total amount (%)
Yanfeng Johnson	Rendering of services	Rendering of services	Mutually agreed price	2,214,733.58	1.25

RMB

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	2012	
				Amount	Percentage of total amount (%)
Yanfeng Johnson	Rendering of services	Rendering of services	Mutually agreed price	805,256.33	0.41
Baoding Xinchang	Rendering of services	Rendering of services	Mutually agreed price	46,944.80	0.02

#### (7) Claims and others

RMB

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	2013	
				Amount	Percentage of total amount (%)
Yanfeng Johnson	Claims and others	Claims and others	Mutually agreed price	323,796.87	0.53
Baoding Bo Chuang Real Estate Development Co., Ltd.	Claims and others	Claims and others	Mutually agreed price	(305,261.98)	(0.50)
Others	Claims and others	Claims and others	Mutually agreed price	(26,436.74)	(0.04)

RMB

Related parties	Category of related party transaction	Related party transaction	Pricing and Decision making procedure	2012	
				Amount	Percentage of total amount (%)
Yanfeng Johnson	Claims and others	Claims and others	Mutually agreed price	1,133,381.76	1.14
Baoding Bo Chuang Real Estate Development Co., Ltd.	Claims and others	Claims and others	Mutually agreed price	130,344.24	0.13
Others	Claims and others	Claims and others	Mutually agreed price	(1,255,932.23)	(1.26)

**VII. RELATED PARTIES AND TRANSACTIONS** (continued)**5. Related party transactions** (continued)**(8) Emolument of key management**

<b>Item</b>	<b>2013</b>	<i>RMB'000</i> 2012
Emolument of key management	<b>23,690</b>	17,371

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

*(a) Emolument of independent non-executive directors*

The emolument paid to independent non-executive directors during the year was as follows:

	<b>2013</b>	<i>RMB'000</i> 2012
He Baoyin	<b>48</b>	48
Wei Lin	<b>48</b>	48
Li Keqiang	<b>48</b>	48
Huang Zhixiong	<b>143</b>	143
<b>Total</b>	<b>287</b>	287

During the year, there was no other emolument payable to independent non-executive directors. (2012: nil)

## Notes to the Financial Statements

For the year ended 31 December 2013

### VII. RELATED PARTIES AND TRANSACTIONS (continued)

#### 5. Related party transactions (continued)

##### (8) Emolument of key management (continued)

(b) Emolument of executive directors, non-executive directors and supervisors

RMB'000

2013	Fee	Salary, bonus, allowance and other benefits	Contributions to pension	Total emolument
<b>Executive directors:</b>				
Wei Jian Jun	—	3,249	10	3,259
Liu Ping Fu	—	512	—	512
Wang Feng Ying (Note 1)	—	2,827	10	2,837
Yang Zhi Juan	—	404	10	414
Hu Ke Gang	—	1,333	—	1,333
<b>Non-executive directors:</b>				
He Ping	48	—	—	48
Niu Jun	—	—	—	—
<b>Supervisors:</b>				
Yuan Hong Li	18	—	—	18
Zhu En Ze	—	334	—	334
Luo Jin Li	18	—	—	18
<b>Total</b>	<b>84</b>	<b>8,659</b>	<b>30</b>	<b>8,773</b>

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

**VII. RELATED PARTIES AND TRANSACTIONS** (continued)**5. Related party transactions** (continued)**(8) Emolument of key management** (continued)*(b) Emolument of executive directors, non-executive directors and supervisors* (continued)

	<i>RMB'000</i>			
2012	Fee	Salary, bonus, allowance and other benefits	Contributions to pension	Total emolument
<b>Executive directors:</b>				
Wei Jian Jun	—	2,465	10	2,475
Liu Ping Fu	—	450	—	450
Wang Feng Ying (Note 1)	—	2,154	10	2,164
Yang Zhi Juan	—	267	10	277
Hu Ke Gang	—	936	—	936
<b>Non-executive directors:</b>				
He Ping	48	—	—	48
Niu Jun	—	—	—	—
<b>Supervisors:</b>				
Yuan Hong Li	18	—	—	18
Zhu En Ze	—	292	—	292
Luo Jin Li	18	—	—	18
<b>Total</b>	<b>84</b>	<b>6,564</b>	<b>30</b>	<b>6,678</b>

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

**VII. RELATED PARTIES AND TRANSACTIONS** (continued)**5. Related party transactions** (continued)**(8) Emolument of key management** (continued)(c) *Five highest emolument individuals*

Of the five individuals with the highest emoluments in the Group, the emoluments of two (2012: two) of them are included in the above table. The emoluments of the remaining three (2012: three) individuals were as follows:

	2013	<i>RMB'000</i> 2012
Salary, bonus, allowance and other benefits	6,392	4,323
Contributions to pension	31	29
<b>Total</b>	<b>6,423</b>	4,352

Their emoluments were within the following bands:

	2013	2012
HK\$0 to HK\$1,000,000 (equivalent to RMB0 to RMB786,200)	—	—
HK\$1,000,000 to HK\$2,000,000 (equivalent to RMB786,200 to RMB1,572,400)	—	3
HK\$2,000,000 to HK\$3,000,000 (equivalent to RMB1,572,400 to RMB2,358,600)	3	—

**VII. RELATED PARTIES AND TRANSACTIONS** (continued)**6. Amounts due from/due to related parties**

Item	Related parties	RMB	
		31/12/2013	31/12/2012
Dividends Receivable	Yanfeng Johnson	9,000,000.00	15,280,463.03
Sub-total:		9,000,000.00	15,280,463.03
Other accounts receivable	Baoding Bochong Real Estate Development Company Limited	300,000.00	—
Sub-total		300,000.00	—
Accounts payable	Yanfeng Johnson	—	24,550,000.00
Accounts payable	Hebei Baoding Tai Hang Group Company Limited	—	47,600.00
Sub-total:		—	24,597,600.00
Account payable	Yanfeng Johnson	147,682,861.14	123,223,876.28
Account payable	Beijing Eastern Riwa Technology Company Limited	741,188.39	741,188.39
Account payable	Hebei Baoding Tai Hang Group Company Limited	194,122.65	194,675.55
Sub-total:		148,618,172.18	124,159,740.22
Other payables	Baoding Tai Hang Steel Structure Construction Company Limited	—	8,271,511.85
Other payables	Baoding Tai Hang Pump Manufacturing Company Limited	—	36,391.00
Other payables	Baoding Tai Hang Rosemex Engineering Company Limited	—	2,455.61
Other payables	Hebei Baoding Tai Hang Group Company Limited	—	215,800.00
Other payables	Baoding Bochong Real Estate Development Company Limited	—	300.00
Other payables	Beijing Weide Automobile System Accessories Company Limited	—	49,000.00
Other payables	Yanfeng Johnson	—	800.00
Sub-total:		—	8,576,258.46
Advances from customers	The Management Centre of Collective Assets of Nandayuan Town, Nanshi District, Baoding	—	34,000.00
Sub-total:		—	34,000.00
Advances from receivables	Hebei Baoding Tai Hang Group Company Limited	—	270,000.00
Sub-total:		—	270,000.00

## Notes to the Financial Statements

For the year ended 31 December 2013

### VIII. COMMITMENTS

#### 1. Significant Commitments

##### (1) Capital commitments

Item	RMB'000	
	31/12/2013	31/12/2012
Contracted for but not provided	5,600,401	4,788,509
Authorised by the Board of Directors but not contracted for	7,277,514	6,916,239
Others	—	—
— Capital commitments of jointly controlled entities not included in consolidated financial statements	858	5,643

##### (2) Operating lease commitments

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

Item	RMB'000	
	31/12/2013	31/12/2012
Minimum lease payments under non-cancellable operating leases:		
Within one year from the balance sheet date	1,908	1430
In the second year from the balance sheet date	1,120	—
In the third year from the balance sheet date	1,120	—
Subsequent years	7,424	—
Total	11,572	1430



## IX. OTHER SIGNIFICANT ITEMS

### 1. Business combination

The summary of the business combination not under common control of the Group as a purchaser during the reporting period is as follows:

- (1) In November 2012, the Company acquired 55% of the equity interests in Baoding Xinchang from Mingfang Industrial Co., Ltd. at a consideration of RMB22 million. Baoding Xinchang was a jointly controlled entity of the Company before the date of acquisition, i.e 21 November 2012.

- (a) Information of the acquiree:

Baoding Xinchang is a limited liability company established in Baoding in January 2007 by Baoding Xinchang and Mingfang Industrial Co., Ltd, with a registered capital of RMB40 million. 45% of the equity interests of Baoding Xinchang were held by Baoding Xincheng. In November 2012, the Company acquired 55% of the equity interests in Baoding Xinchang from Mingfang Industrial Co., Ltd at a consideration of RMB22 million. The Company held 100% equity interests in Baoding Xinchang directly and indirectly after such acquisition.

- (b) Major financial information of the acquiree:

Item	As at the date of acquisition		<i>RMB</i>
	Book value	Fair value	31/12/2011 Book value
Current Assets	23,678,599.62	23,678,599.62	141,315,468.98
Non-current Assets	25,891,321.95	29,547,431.03	54,293,721.23
Current Liabilities	(3,665,364.03)	(3,665,364.03)	(128,025,635.96)
Total net assets	45,904,557.54	49,560,666.62	67,583,554.25
Less: minority interests	—	—	
Equity attributable to shareholders of the Company	45,904,557.54	49,560,666.62	
Consideration of acquisition		22,000,000.00	
Book value of equity interests of the acquiree held before the date of acquisition		17,275,537.95	
Gains from fair value measurement of equity interests of the acquiree held before the date of acquisition		5,026,762.03	
Discounted purchase price		5,258,366.64	

## Notes to the Financial Statements

For the year ended 31 December 2013

### IX. OTHER SIGNIFICANT ITEMS (continued)

#### 1. Business combination (continued)

- (1) In November 2012, the Company acquired 55% of the equity interests in Baoding Xinchang from Mingfang Industrial Co., Ltd. at a consideration of RMB22 million. Baoding Xinchang was a jointly controlled entity of the Company before the date of acquisition, i.e 21 November 2012. (continued)

- (b) Major financial information of the acquiree: (continued)

The consideration was paid in cash by the Group

	<i>RMB</i>
	<b>Amount</b>
Cash and cash equivalents paid as consideration	22,000,000.00
Less: cash and cash equivalents held by the acquired subsidiaries and other business units	18,646,757.18
Less: cash and cash equivalents received from the acquired subsidiaries and other business units	(3,353,242.82)

The date of acquisition is the date the acquirer obtained control of the acquire on which the controlling rights of net assets and production and operation decision-making of the acquire were transferred to the acquirer.

- (c) Results of operation and net cash flows of the acquire from the date of acquisition to the end of the current period in relation to the combination:

	<i>RMB</i>
	<b>From the date of acquisition to the end of the current period of combination</b>
Revenue	118,590.00
Operating costs and expenses	113,731.81
Total profit	4,858.19
Net profit	(110,020.78)
Net cash flows from operating activities	37,451.13
Net cash flows from investing activities	(58,664.35)
Net cash flow from financing activities	—
Effect on cash and cash equivalents due to change in foreign currency exchange rate	—
Net increase in cash and cash equivalents	(21,213.22)

**IX. OTHER SIGNIFICANT ITEMS** (continued)**2. Financial expenses**

<b>Item</b>	<b>2013</b>	<i>RMB</i> 2012
Interest expenses on pledged loans	—	2,207,885.27
Less: interest income	<b>(99,984,275.65)</b>	(126,994,973.74)
Exchange (gain)loss	<b>3,483,699.84</b>	676,666.78
Interests on discounted bills	<b>4,061,604.02</b>	8,248,035.20
Others	<b>8,589,028.64</b>	10,536,720.71
Total	<b>(83,849,943.15)</b>	(105,325,665.78)

**3. Segment reporting**

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

## Notes to the Financial Statements

For the year ended 31 December 2013

### IX. OTHER SIGNIFICANT ITEMS (continued)

#### 3. Segment reporting (continued)

Revenue from external customers by location of revenue sources:

Item	2013	RMB 2012
Revenue from external customers in China	<b>51,942,765,547.70</b>	36,983,022,504.42
Northeast China	<b>4,805,240,728.07</b>	3,443,258,029.21
Northern China	<b>11,663,171,080.28</b>	8,716,516,160.43
Eastern China	<b>13,038,151,909.64</b>	9,077,727,047.79
Central China	<b>9,791,623,162.69</b>	6,642,068,881.21
Northwest China	<b>5,352,543,993.13</b>	3,999,636,423.05
Southwest China	<b>7,292,034,673.89</b>	5,103,815,962.73
Revenue from external customers in other countries	<b>4,841,548,796.60</b>	6,176,944,143.97
Russia	<b>1,646,349,835.25</b>	1,861,077,570.11
Australia	<b>453,788,760.85</b>	852,424,964.15
Chile	<b>415,683,095.50</b>	488,113,901.75
Algeria	<b>349,246,405.79</b>	453,518,847.51
Iraq	<b>265,823,657.77</b>	516,897,604.75
Iran	<b>245,957,669.80</b>	109,222,274.86
South Africa	<b>238,452,207.84</b>	535,009,046.81
Bulgaria	<b>152,676,920.63</b>	55,196,199.95
Peru	<b>124,848,435.88</b>	187,076,519.56
Ecuador	<b>120,436,046.69</b>	173,204,643.67
Other overseas countries	<b>828,285,760.60</b>	945,202,570.85
<b>Total</b>	<b>56,784,314,344.30</b>	43,159,966,648.39

Majority of the non-current assets required to be disclosed in the segment report, including fixed assets, real estate held-for-investment, construction in progress and investment in jointly controlled entities and associates were located in China.

The Group has not placed reliance on any single or a few significant customers.

**IX. OTHER SIGNIFICANT ITEMS** (continued)**4. Financial instruments and risk management**

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

**4.1 Objective and policies of risk management**

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

**4.1.1 Market risk****4.1.1.1 Foreign exchange risk**

Foreign exchange risk represents risks of loss incurred as a result of changes in exchange rates. The purchases and sales of the domestic subsidiaries of the Group are denominated in RMB and other principle operations of the Group are settled in RMB. As at the balance sheet date, except for the balances of assets denominated in USD and EUR and other insignificant amount in HKD as shown in the following table, all assets and liabilities of the Group were denominated in RMB. The impact of the foreign exchange risk arising from the balances of assets and liabilities denominated in such foreign currencies on the operating results of the Group was minimal.

Item	31/12/2013	<i>RMB</i> 31/12/2012
Cash and cash equivalents	<b>101,673,523.46</b>	172,700,291.21
Accounts receivable	<b>290,700,647.85</b>	519,302,471.21
Other receivables	<b>2,761,271.78</b>	1,285,510.00
Accounts payable	<b>(6,166,485.20)</b>	(25,187,989.68)
Other payables	<b>(137,620,540.23)</b>	(56,774,846.01)
Total	<b>251,348,417.66</b>	611,325,436.73

The Group closely monitors the changes in foreign exchange rates as to their effects to the Group's exposure to foreign exchange risk.

## IX. OTHER SIGNIFICANT ITEMS (continued)

### 4. Financial instruments and risk management (continued)

#### 4.1 Objective and policies of risk management (continued)

##### 4.1.2 Credit risk

As at 31 December 2013, the biggest credit risk exposure that may cause financial loss of the Group is mainly coming from the other party of the contract could not fulfil their obligations that caused the loss on the Group's financial assets, which include the book value of a confirmed financial asset in the consolidated balance sheet. For those financial instruments that are measured by fair value, the book value reflects its risk exposure, but not its biggest risk exposure, the biggest risk exposure will change as the future fair value changes.

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

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

The Group does not require any collateral from its customers as it only conducts sales with the third-party customers with good credit records. During the reporting period, the Group had a certain level of concentration of credit risk, and the balance of accounts receivable from top five customers of the Group accounted for 67.44% (31 December 2012: 61.52%) of the total accounts receivable. As the Group only granted credit period to certain third parties with good creditability and the closing balance of the Group's accounts receivable represented 1.16% of the Group's revenue in 2013, the credit risk of the Group is not significant.

Further details regarding the quantified data of the credit risk arising from notes receivable, accounts receivable and other receivables of the Group are disclosed in note (VI) (3), (4) and (6).

**IX. OTHER SIGNIFICANT ITEMS** (continued)**4. Financial instruments and risk management** (continued)**4.1 Objective and policies of risk management** (continued)

## 4.1.3 Liquidity risk

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

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

Item	31/12/2013			RMB
	Within 6 months	6-12 months	Over one year	Total
Bills receivable	17,543,958,868.49	4,300,000.00	—	17,548,258,868.49
Accounts receivable	638,121,682.47	18,191,072.32	—	656,312,754.79
Other receivables	2,554,483,683.93	4,709,732.81	—	2,559,193,416.74
Dividend receivable	9,000,000.00	—	—	9,000,000.00
Held-for-trading financial assets	4,270,117.86	—	—	4,270,117.86
Short-term borrowings	(182,198,866.04)	—	—	(182,198,866.04)
Bills payable	(4,506,407,706.71)	(33,121,570.00)	—	(4,539,529,276.71)
Accounts payable	(10,659,044,161.90)	(53,125,580.25)	—	(10,712,169,742.15)
Other payables	(951,829,389.33)	(1,318,220,964.33)	—	(2,270,050,353.66)

Item	31/12/2012			RMB
	Within 6 months	6-12 months	Over one year	Total
Bills receivable	14,789,887,422.30	1,000,000.00	—	14,790,887,422.30
Accounts receivable	675,113,196.85	16,375,482.32	—	691,488,679.17
Other receivables	849,667,903.33	4,721,766.19	—	854,389,669.52
Dividend receivable	15,280,463.03	—	—	15,280,463.03
Held-for-trading financial assets	11,651,307.26	—	—	11,651,307.26
Bills payable	(4,292,950,154.90)	(48,721,960.01)	—	(4,341,672,114.91)
Accounts payable	(8,673,761,772.79)	(23,669,028.24)	—	(8,697,430,801.03)
Other payables	(973,934,856.83)	(245,705,968.16)	—	(1,219,640,824.99)

## IX. OTHER SIGNIFICANT ITEMS (continued)

### 4. Financial instruments and risk management (continued)

#### 4.1 Objective and policies of risk management (continued)

##### 4.1.4 Fair value

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

Fair values of financial assets and financial liabilities (excluding derivative instruments) are determined by using the generally accepted pricing model based on future cash flow discounting method or according to the prevailing observable market transaction prices.

Fair values of derivative instruments are determined based on the publicly quoted price in an active market. If public quotation does not exist, the fair value of derivatives without options is estimated on the basis of appropriate revenue curve using future cash flow discounting method.

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

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

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

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



**IX. OTHER SIGNIFICANT ITEMS** (continued)**4. Financial instruments and risk management** (continued)**4.1 Objective and policies of risk management** (continued)

## 4.1.4 Fair value (continued)

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

RMB

Financial assets	Fair value		Fair value level	Valuation technique and main inputs
	31/12/2013	31/12/2013		
Forward exchange contracts	<b>Asset</b> RMB4,270,117.86	<b>Asset</b> RMB11,651,307.26	Level 2	Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and the contract forward rate, discounted at a rate that reflects the credit risk of various counterparties.

In the opinion of the Group's management, the book value of other financial assets and financial liabilities in financial statements are approximate to the fair value of those assets and liabilities.

**4.2 Sensitivity analysis**

The Group adopts sensitivity analysis techniques to analyze the possible effects of rational and probable changes in risk variables to profit and loss for the current period or to the interests of shareholders. Since risk variables seldom change on a stand-alone basis, while the correlation between variables may have significant influence to the ultimate amount of change effected by the change in a single risk variable, the below analysis is based on the assumption that the changes in each variable occurred separately.

## Notes to the Financial Statements

For the year ended 31 December 2013

### IX. OTHER SIGNIFICANT ITEMS (continued)

#### 4. Financial instruments and risk management (continued)

##### 4.2 Sensitivity analysis (continued)

##### 4.2.1 Foreign exchange risk

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

		RMB	
		2013	
Item	Changes in exchange rates	Effects on profits	Effects on shareholders' equity interests
USD	5% strengthening against RMB	10,033,522.33	10,033,522.33
USD	5% weakening against RMB	(10,033,522.33)	(10,033,522.33)
EUR	5% strengthening against RMB	(111,456.26)	(111,456.26)
EUR	5% weakening against RMB	111,456.26	111,456.26
HKD	5% strengthening against RMB	2,865,714.29	2,865,714.29
HKD	5% weakening against RMB	(2,865,714.29)	(2,865,714.29)
GBP	5% strengthening against RMB	(104,194.23)	(104,194.23)
GBP	5% weakening against RMB	104,194.23	104,194.23
JPY	5% strengthening against RMB	(126,022.15)	(126,022.15)
JPY	5% weakening against RMB	126,022.15	126,022.15

		RMB	
		2012	
Item	Changes in exchange rates	Effects on profits	Effects on shareholders' equity interests
USD	5% strengthening against RMB	30,073,174.51	30,073,174.51
USD	5% weakening against RMB	(30,073,174.51)	(30,073,174.51)
EUR	5% strengthening against RMB	848,075.26	848,075.26
EUR	5% weakening against RMB	(848,075.26)	(848,075.26)
HKD	5% strengthening against RMB	(42,152.24)	(42,152.24)
HKD	5% weakening against RMB	42,152.24	42,152.24
GBP	5% strengthening against RMB	(98,691.39)	(98,691.39)
GBP	5% weakening against RMB	98,691.39	98,691.39
JPY	5% strengthening against RMB	5,684.03	5,684.03
JPY	5% weakening against RMB	(5,684.03)	(5,684.03)

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

**IX. OTHER SIGNIFICANT ITEMS** (continued)**4. Financial instruments and risk management** (continued)**4.2 Sensitivity analysis** (continued)*4.2.2 Sensitivity analysis of interest rate risk:*

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

4.2.2.2 Based on the above assumption, holding all other variables constant, the effects of possible reasonable changes in interest rates to the profit and loss and interest before tax for the year are relatively small.

**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY****1. Cash and bank balances**

Item	<i>RMB</i>		
	Foreign currency	31/12/2013 Exchange rate	RMB equivalent
<b>Cash:</b>			
RMB			436,289.36
USD	12,614.63	6.0969	76,910.14
HKD	18,224.09	0.7862	14,327.78
EUR	12,373.44	8.4189	104,170.75
JPY	114,843.43	0.0578	6,637.95
KRW	7,159.65	0.0057	40.81
GBP	16,286.27	10.0556	163,768.22
RUB	3,542.49	0.1852	656.07
THB	134.23	0.1849	24.82
AUD	894.06	5.4301	4,854.84
SGD	315.17	4.7845	1,507.93
<b>Bank deposits:</b>			
RMB			4,049,282,700.80
USD	3,593,508.02	6.0969	21,909,259.05
EUR	290,440.40	8.4189	2,445,188.68
AUD	0.05	5.4301	0.27
<b>Other cash and bank balances:</b>			
RMB			348,883,533.33
USD	350,000.00	6.0969	2,133,915.00
<b>Total</b>			<b>4,425,463,785.80</b>

## Notes to the Financial Statements

For the year ended 31 December 2013

### X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

#### 1. Cash and bank balances (continued)

As at 31 December 2013, the Company had restricted cash and bank balances of RMB351,017,448.33, in which guarantee on bank acceptance bills amounted to RMB342,223,533.33, guarantee on letter of credit amounted to RMB5,553,915.00, and other guarantees amounted to RMB3,240,000.00.

Item	Foreign currency	31/12/2012	
		Exchange rate	RMB equivalent
<b>Cash:</b>			
RMB			546,270.35
USD	5,083.51	6.2855	31,952.40
HKD	18,844.56	0.8108	15,279.17
EUR	15,876.12	8.3176	132,051.22
JPY	1,557,267.53	0.0730	113,680.53
KRW	6,977.97	0.0059	41.17
GBP	23,716.13	10.1611	240,981.97
RUB	3,541.19	0.2061	729.84
THB	130.72	0.2038	26.64
AUD	400.85	6.5363	2,620.08
SGD	312.91	5.0929	1,593.61
<b>Bank deposits:</b>			
RMB			3,518,151,653.06
USD	11,898,014.42	6.2855	74,784,969.64
EUR	889,439.35	8.3176	7,398,000.74
GBP	8,434.52	10.1611	85,704.00
AUD	1.26	6.5363	8.24
<b>Other cash and bank balances:</b>			
RMB			257,052,036.65
USD	2,163,000.00	6.2855	13,595,536.50
EUR	60,153.47	8.3176	500,332.50
<b>Total</b>			<b>3,872,653,468.31</b>

As at 31 December 2012, the Company had restricted cash and bank balances of RMB271,147,905.65, in which guarantee on bank acceptance bills amounted to RMB219,138,486.59, guarantee on letter of credit amounted to RMB46,009,419.06, and other guarantees amounted to RMB6,000,000.00.

**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**2. Bills receivable****(1) Classification of bills receivable**

Category	RMB	
	31/12/2013	31/12/2012
Bank acceptance bills	14,337,820,267.66	11,668,278,186.78
Total	14,337,820,267.66	11,668,278,186.78

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

Category	RMB	
	31/12/2013	31/12/2012
Bank acceptance bills	2,418,760,000.00	2,102,614,944.00
Total	2,418,760,000.00	2,102,614,944.00

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

As at 31 December 2013, five pledged bills receivable with largest amounts were as follows:

Issuing unit	Date of issue	Due date	RMB
			Amount
Customer 1	1 November 2013	1 May 2014	10,000,000.00
Customer 2	2 December 2013	2 June 2014	7,000,000.00
Customer 3	2 July 2013	2 January 2014	6,000,000.00
Customer 4	30 September 2013	30 March 2014	6,000,000.00
Customer 5	2 September 2103	2 March 2014	6,000,000.00
Total			35,000,000.00

## Notes to the Financial Statements

For the year ended 31 December 2013

### X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

#### 2. Bills receivable (continued)

##### (2) Pledged bills receivable as at the end of each year: (continued)

As at 31 December 2012, five pledged bills receivable with largest amounts were as follows:

Issuing unit	Date of issue	Due date	RMB
			Amount
Customer 1	8 October 2012	8 April 2013	10,000,000.00
Customer 2	25 October 2012	25 April 2013	10,000,000.00
Customer 3	2 November 2012	2 May 2013	10,000,000.00
Customer 4	5 September 2012	5 March 2013	10,000,000.00
Customer 5	29 November 2012	29 May 2013	10,000,000.00
Total			50,000,000.00

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

Category	RMB	
	31/12/2013	31/12/2012
Bank acceptance bills	16,171,118,500.00	9,665,789,000.00
Total	16,171,118,500.00	9,665,789,000.00

As at 31 December 2013, five bills receivable endorsed to other parties but undue with largest amounts were as follows:

Issuing unit	Date of issue	Due date	RMB
			Amount
Customer 1	23 July 2013	23 January 2014	10,000,000.00
Customer 2	22 August 2013	22 February 2014	10,000,000.00
Customer 3	22 October 2013	22 April 2014	10,000,000.00
Customer 4	27 November 2013	27 May 2014	10,000,000.00
Customer 5	27 August 2013	27 February 2014	10,000,000.00
Total			50,000,000.00

**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**2. Bills receivable (continued)**

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

As at 31 December 2012, five bills receivable endorsed to other parties but undue with largest amounts were as follows:

Issuing unit	Date of issue	Due date	RMB Amount
Customer 1	17 December 2012	17 June 2013	15,000,000.00
Customer 2	23 October 2012	23 April 2013	14,000,000.00
Customer 3	31 August 2012	28 February 2013	12,000,000.00
Customer 4	14 September 2012	17 March 2013	10,000,000.00
Customer 5	08 October 2012	08 April 2013	10,000,000.00
Total			61,000,000.00

**(4) At the end of the reporting period, there was no bills receivable due to shareholders holding 5% or more voting shares of the Company.**

**3. Accounts receivable**

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

Item	31/12/2013				31/12/2012			
	Carrying amount		Provision for bad debt		Carrying amount		Provision for bad debt	
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)
Individually significant and subject to separate provision	1,181,754,647.04	97.65	-	-	1,108,736,654.33	99.34	-	-
<b>Subject to provision by groups</b>								
Accounts receivable of small amounts with high risks based on the characteristics of credit risk as a group	231,600.00	0.02	-	-	1,820,309.05	0.16	(585,818.00)	32.18
Other insignificant accounts receivable	28,258,450.69	2.33	(1,006.63)	-	5,572,621.01	0.50	(377,735.50)	6.78
Subtotal	28,490,050.69	2.35	(1,006.63)	-	7,392,930.06	0.66	(963,553.50)	13.03
Accounts receivable which are individually insignificant but subject to separate provision	-	-	-	-	-	-	-	-
Total	1,210,244,697.73	100.00	(1,006.63)	-	1,116,129,584.39	100.00	(963,553.50)	-

## Notes to the Financial Statements

For the year ended 31 December 2013

### X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

#### 3. Accounts receivable (continued)

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

Aging	31/12/2013				31/12/2012			
	Carrying amount	Ratio (%)	Provision for bad debts	Book value	Carrying amount	Ratio (%)	Provision for bad debts	Book value
Within 1 year	1,172,330,198.23	96.87	(1,006.63)	1,172,329,191.60	1,113,237,523.59	99.74	(377,735.50)	1,112,859,788.09
1 to 2 years	37,682,899.50	3.11	—	37,682,899.50	2,789,330.80	0.25	(483,088.00)	2,306,242.80
2 to 3 years	231,600.00	0.02	—	231,600.00	102,730.00	0.01	(102,730.00)	—
Over 3 years	—	—	—	—	—	—	—	—
Total	1,210,244,697.73	100.00	(1,006.63)	1,210,243,691.10	1,116,129,584.39	100.00	(963,553.50)	1,115,166,030.89

RMB

(3) *There was no accounts receivable which are individually insignificant but subject to separate provision as at the end of the reporting period.*

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

Name of unit	Nature of accounts receivable	Amounts written off	Reason for write-off	Whether arising from related party transaction
Shanghai Boye machinery Co., Ltd. (上海鉑擘機械設備有限公司)	Loan	1,178.00	Unrecoverable	No
Total		1,178.00		

RMB



**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**3. Accounts receivable** (continued)**(5) Five units with largest amounts of accounts receivable**

Name of unit	Relationship with the Group	Amount	Aging	RMB
				Percentage of the total accounts receivable (%)
Customer 1	Third party	266,114,479.59	Within 1 year	21.99
Customer 2	Third party	88,881,307.79	Within 1 year	7.34
Customer 3	Third party	32,466,753.93	Within 1 year	2.68
Customer 4	Third party	30,938,917.19	Within 1 year	2.56
Customer 5	Third party	24,207,821.61	Within 1 year	2.00
Total		442,609,280.11		36.57

**(6) At the end of the reporting period, there was no accounts receivable due to shareholders holding 5% or more voting shares of the Company.**

**(7) Accounts receivable from related parties**

Please refer to item 24 of Note (X) for details of balance of accounts receivable from related parties by the Company as at the end of the year.

# Notes to the Financial Statements

For the year ended 31 December 2013

## X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

### 4. Other receivables

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

Item	31/12/2013				31/12/2012				RMB
	Carrying amount		Provision for bad debts		Carrying amount		Provision for bad debts		
	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	Amount	Ratio (%)	
Individually significant and subject to separate provision	2,566,529,778.18	99.24	—	—	831,431,318.26	96.09	—	—	
<b>Subject to provision by groups</b>									
Other receivables of small amounts with high risks based on the characteristics of credit risk as a group	1,624,750.96	0.06	(84,420.00)	5.20	1,405,315.44	0.16	(84,420.00)	6.01	
Other insignificant other receivables	18,035,371.18	0.70	—	—	32,468,096.47	3.75	(4,782.50)	0.01	
Subtotal	19,660,122.14	0.76	(84,420.00)	0.43	33,873,411.91	3.91	(89,202.50)	0.26	
Other receivables which are individually insignificant but subject to separate provision	—	—	—	—	—	—	—	—	
Total	2,586,189,900.32	100.00	(84,420.00)	—	865,304,730.17	100.00	(89,202.50)	—	

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

Aging	31/12/2013				31/12/2012				RMB
	Carrying amount	Ratio (%)	Provision for bad debts	Book value	Carrying amount	Ratio (%)	Provision for bad debts	Book value	
Within 1 year	2,490,563,965.74	96.30	—	2,490,563,965.74	792,782,460.86	91.62	(4,782.50)	792,777,678.36	
1 to 2 years	95,541,514.58	3.69	—	95,541,514.58	72,437,849.31	8.37	—	72,437,849.31	
2 to 3 years	—	—	—	—	39,420.00	—	(39,420.00)	—	
Over 3 years	84,420.00	0.01	(84,420.00)	—	45,000.00	0.01	(45,000.00)	—	
Total	2,586,189,900.32	100.00	(84,420.00)	2,586,105,480.32	865,304,730.17	100.00	(89,202.50)	865,215,527.67	

**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**4. Other receivables (continued)**

(3) *During the reporting period, there is no provision in full or of a large amount for bad debt made in previous periods but written back or reversed in full or in a large proportion during the current year.*

(4) *No other receivables were actually written off during the reporting period*

(5) *At the end of the reporting period, there was no other receivables due to shareholders' holding 5% or more voting shares of the Company.*

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

Name of unit	Relationship with the Group	Amount	Nature	Aging	RMB Percentage of the total other receivables (%)
Unit 1	Non-related party	2,271,372,327.00	Performance bond	Within one Year and one to two years	87.83
Unit 2	Non-related party	149,126,000.00	Energy-saving subsidies	Within one Year and one to two years	5.77
Unit 3	Non-related party	65,483,737.07	Cash fund	Within six months	2.53
Unit 4	Non-related party	30,000,000.00	Performance bond	Within six months	1.16
Unit 5	Non-related party	5,472,580.14	Cash fund	Within six months	0.21
Total		2,521,454,644.21			97.50

(7) *Other receivables from related parties*

Please refer to item 24 of Note (X) for details of the balance of other receivables from related parties by the Company as at the end of the year.

# Notes to the Financial Statements

For the year ended 31 December 2013

## X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

### 5. Inventory

#### (1) Inventory categories

Item	31/12/2013		
	Book balance	Provision for obsolete stocks	Book value
Raw materials	370,767,807.42	—	370,767,807.42
Work in progress	426,077,317.57	—	426,077,317.57
Finished goods	665,391,324.00	(2,049,060.69)	663,342,263.31
Low-valued consumables	28,761,460.27	—	28,761,460.27
<b>Total</b>	<b>1,490,997,909.26</b>	<b>(2,049,060.69)</b>	<b>1,488,948,848.57</b>

RMB

Item	31/12/2012		
	Book balance	Provision for obsolete stocks	Book value
Raw materials	347,584,079.98	—	347,584,079.98
Work in progress	165,619,165.76	—	165,619,165.76
Finished goods	522,822,456.17	(1,360,038.04)	521,462,418.13
Low-valued consumables	23,662,581.71	—	23,662,581.71
<b>Total</b>	<b>1,059,688,283.62</b>	<b>(1,360,038.04)</b>	<b>1,058,328,245.58</b>

RMB

#### (2) Provision for obsolete stocks

Inventory categories	1/1/2013	Provision for the year	Decrease for the year		31/12/2013
			Reversals	Write-offs	
Raw materials	—	—	—	—	—
Work in progress	—	—	—	—	—
Finished goods	1,360,038.04	5,190,948.53	—	(4,501,925.88)	2,049,060.69
<b>Total</b>	<b>1,360,038.04</b>	<b>5,190,948.53</b>	<b>—</b>	<b>(4,501,925.88)</b>	<b>2,049,060.69</b>

RMB

**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**5. Inventory** (continued)**(3) Analysis of provision for obsolete stocks**

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

Descriptions of inventories:

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

*Note 2:* As the inventories for which impairment provision was made in the previous period had been sold during this period, the impairment provision for inventory had been written off.

# Notes to the Financial Statements

For the year ended 31 December 2013

## X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

### 6. Long-term equity investment

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

Name of investee	Accounting method	Initial investment cost	1/1/2013	Movement	31/12/2013	Percentage of shareholding in the investee (%)	Percentage of voting right in the investee (%)	Impairment provision	Provision of impairment for the six months	RMB
										Cash bonuses for the six months
<b>Investment in subsidiaries</b>										
Baoding Great Wall Huabei Automobile Company Limited (保定長城華北汽車有限責任公司)	Cost method	268,092,310.00	268,092,310.00	—	268,092,310.00	100.00	100.00	—	—	198,817,870.31
Baoding Great Wall Internal Combustion Engine Manufacturing Company Limited (保定長城內燃機製造有限公司)	Cost method	583,255,808.00	583,255,808.00	—	583,255,808.00	100.00	100.00	—	—	410,832,566.65
Baoding Changcheng Vehicle Axles Industries Company Limited (保定長城汽車軸業有限公司)	Cost method	209,846,614.49	209,846,614.49	—	209,846,614.49	75.00	100.00	—	—	55,329,376.16
Baoding Nuobo Rubber Manufacturing Company Limited (保定市諾博橡膠製品有限公司)	Cost method	72,240,000.00	72,240,000.00	—	72,240,000.00	100.00	100.00	—	—	—
Baoding Xincheng Automobile Development Company Limited (保定市信誠汽車發展有限公司)	Cost method	—	73,024,993.00	(73,024,993.00)	—	—	—	—	—	75,149,158.14
Beijing Great Automotive Components Company Limited (北京格瑞特汽車零部件有限公司)	Cost method	750,000.00	750,000.00	—	750,000.00	75.00	75.00	—	—	1,965,137.51
Baoding Great Machinery Company Limited (保定市格瑞機械有限公司)	Cost method	23,000,000.00	23,000,000.00	—	23,000,000.00	100.00	100.00	—	—	34,851,756.57
Baoding Great Wall Automobile After-sales Services Company Limited (保定市長城汽車售後服務有限公司)	Cost method	150,000.00	150,000.00	—	150,000.00	100.00	100.00	—	—	4,906,554.12
Macs (Baoding) Auto A/C System Company Limited (麥克斯(保定)汽車空調系統有限公司)	Cost method	25,021,090.00	10,372,890.00	14,648,200.00	25,021,090.00	75.00	100.00	—	—	105,407,613.05
Tide Technology and Trade Company Limited (泰德科貿有限公司)	Cost method	159,353,665.00	159,353,665.00	—	159,353,665.00	100.00	100.00	—	—	—
Russia Great Wall Closed Joint-Stock Company Limited (俄羅斯長城股份有限公司)	Cost method	404,335.00	404,335.00	—	404,335.00	100.00	100.00	—	—	—
Baoding Mind Auto Component Company Limited (保定曼德汽車配件有限公司)	Cost method	450,000.00	450,000.00	—	450,000.00	75.00	100.00	—	—	—
Baoding Jinggong Foundry Company Limited (保定長城精工鑄造有限公司)	Cost method	85,000,000.00	85,000,000.00	—	85,000,000.00	100.00	100.00	—	—	19,738,893.19
Baoding Yixin Auto Parts Company Limited (保定億新汽車配件有限公司)	Cost method	9,750,000.00	9,750,000.00	—	9,750,000.00	75.00	100.00	—	—	32,516,711.45
Baoding Great Wall Ants Logistics Company Limited (保定市長城螞蟻物流有限公司)	Cost method	86,000,000.00	86,000,000.00	—	86,000,000.00	100.00	100.00	—	—	26,326,272.86

**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**6. Long-term equity investment (continued)****(1) The breakdown of long-term equity investments was as follows: (continued)**

Name of investee	Accounting method	Initial investment cost				31/12/2013	Percentage of shareholding in the investee (%)	Percentage of voting right in the investee (%)	Impairment provision	Provision of impairment for the year	Cash bonuses for the year
			1/1/2013	Movement							
Baoding Lean Automotive Occupation Training School (保定市精益汽車職業培訓學校)	Cost method	100,000.00	100,000.00	—	100,000.00	100.00	100.00	—	—	—	
Tianjin Boxin Automobile Parts Co., Ltd. (天津博信汽車零部件有限公司)	Cost method	1,891,553,510.28	1,777,884,771.10	113,668,739.18	1,891,553,510.28	100.00	100.00	—	—	290,595,004.41	
Ningxia Great Wall Automobile Leasing Company Limited (寧夏長城汽車租賃有限公司)	Cost method	20,000,000.00	20,000,000.00	—	20,000,000.00	100.00	100.00	—	—	—	
Baoding Great Wall Aluminum Alloy Manufacturing Company Limited (保定精工汽車鋁合金製造有限公司)	Cost method	—	95,000,000.00	(95,000,000.00)	—	—	—	—	—	—	
Baoding Great Wall Resource Recycling Co., Ltd. (保定長城再生資源利用有限公司)	Cost method	50,000,000.00	50,000,000.00	—	50,000,000.00	100.00	100.00	—	—	8,982,871.09	
Baoding Great Wall Boxiang Automotive Parts Manufacturing Company Limited (保定長城博翔汽車零部件製造有限公司)	Cost method	39,116,124.26	39,116,124.26	—	39,116,124.26	100.00	100.00	—	—	—	
Baoding Exquisite Auto Mould Technology Co., Ltd. (保定市精工汽車模具技術有限公司)	Cost method	5,000,000.00	5,000,000.00	—	5,000,000.00	100.00	100.00	—	—	4,477,454.85	
Baoding Xinyuan Automobile Inner Decoration Company Limited (保定信遠汽車內飾件有限公司)	Cost method	47,025,720.36	47,025,720.36	—	47,025,720.36	75.00	100.00	—	—	—	
Baoding Great Wall Botai Electric Appliance Manufacturing Company Limited (保定長城博泰電器製造有限公司)	Cost method	—	26,421,565.05	(26,421,565.05)	—	100.00	100.00	—	—	2,215,111.07	
Baoding Great Wall Auto Parts Sales Co., Ltd. (保定長城汽車配件銷售有限公司)	Cost method	7,000,000.00	7,000,000.00	—	7,000,000.00	100.00	100.00	—	—	7,135,358.51	
Baoding Xinchang Auto Parts Co., Ltd. (保定信昌汽車零部件有限公司)	Cost method	—	22,000,000.00	(22,000,000.00)	—	—	—	—	—	—	
Xushui Kelvin heating Co., Ltd. (徐水縣科林供熱有限公司)	Cost method	140,000,000.00	60,000,000.00	80,000,000.00	140,000,000.00	100.00	100.00	—	—	—	
Baoding Great Wall Automotive Rental Co., Ltd. (保定市長城汽車出租有限公司)	Cost method	20,000,000.00	—	20,000,000.00	20,000,000.00	100.00	100.00	—	—	—	
Baoding Great Wall Auto Sales Company Limited (保定長城汽車銷售有限公司)	Cost method	8,000,000.00	—	8,000,000.00	8,000,000.00	100.00	100.00	—	—	—	
Subtotal		3,751,109,177.39	3,731,238,796.26	19,870,381.13	3,751,109,177.39					1,279,247,709.94	

# Notes to the Financial Statements

For the year ended 31 December 2013

## X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

### 6. Long-term equity investment (continued)

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

Name of investee	Accounting method	Initial investment cost	1/1/2013	Movement	31/12/2013	Percentage of shareholding in the investee (%)	Percentage of voting right in the investee (%)	Impairment provision	Provision of impairment for the year	RMB
										Cash bonuses for the year
<b>Investment in jointly controlled entities</b>										
Baoding Jiehua Automobile Components and Accessories Company Limited (保定杰華汽車零部件有限公司)	Equity method	15,654,000.00	16,905,321.87	116,908.17	17,022,230.04	50.00	50.00	–	–	–
Subtotal		15,654,000.00	16,905,321.87	116,908.17	17,022,230.04					
<b>Investment in associates</b>										
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd. (保定延鋒江森汽車座椅有限公司)	Equity method	4,540,000.00	8,559,166.97	5,612,528.20	14,171,695.17	25.00	25.00	–	–	–
Subtotal		4,540,000.00	8,559,166.97	5,612,528.20	14,171,695.17					
<b>Investment in other enterprises</b>										
Zhongjialian Investment Company Limited (中發聯投資有限公司)	Cost method	4,200,000.00	4,200,000.00	–	4,200,000.00	2.07	2.07	–	–	–
The state of Automobile (Beijing) Technology Research Institute of lightweight Automobile Co., Ltd (國汽(北京)汽車輕量化技術研究院有限公司)	Cost method	3,000,000.00	3,000,000.00	–	3,000,000.00	6.90	6.90	–	–	–
Subtotal		7,200,000.00	7,200,000.00	–	7,200,000.00					
Total		3,778,503,177.39	3,763,903,285.10	25,599,817.50	3,789,503,102.60					



**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**7. Fixed Assets****Fixed assets**

Item	1/1/2013	Additions for the year	Deductions for the year	<i>RMB</i>
				31/12/2013
1. Total original carrying amount:	8,852,573,046.11	6,384,119,998.35	(47,646,164.51)	<b>15,189,046,879.95</b>
Of which: Buildings and structures	3,175,058,904.73	2,987,955,942.41	(413,836.03)	<b>6,162,601,011.11</b>
Machinery and equipment	4,447,542,588.31	2,867,568,618.76	(20,932,958.25)	<b>7,294,178,248.82</b>
Motor vehicles	41,408,027.95	12,442,477.21	(4,433,266.72)	<b>49,417,238.44</b>
Other equipment	1,188,563,525.12	516,152,959.97	(21,866,103.51)	<b>1,682,850,381.58</b>
2. Total accumulated depreciation:	2,110,241,946.78	888,339,495.74	(25,934,194.66)	<b>2,972,647,247.86</b>
Of which: Buildings	283,069,237.07	145,110,575.27	(203,046.89)	<b>427,976,765.45</b>
Machinery and equipment	1,240,647,639.07	482,361,525.12	(9,151,791.92)	<b>1,713,857,372.27</b>
Motor vehicles	9,583,572.63	6,656,318.93	(1,286,708.40)	<b>14,953,183.16</b>
Other equipment	576,941,498.01	254,211,076.42	(15,292,647.45)	<b>815,859,926.98</b>
3. Total net book value of fixed assets	6,742,331,099.33	5,495,780,502.61	(21,711,969.85)	<b>12,216,399,632.09</b>
Of which: Buildings	2,891,989,667.66	2,842,845,367.14	(210,789.14)	<b>5,734,624,245.66</b>
Machinery and equipment	3,206,894,949.24	2,385,207,093.64	(11,781,166.33)	<b>5,580,320,876.55</b>
Motor vehicles	31,824,455.32	5,786,158.28	(3,146,558.32)	<b>34,464,055.28</b>
Other equipment	611,622,027.11	261,941,883.55	(6,573,456.06)	<b>866,990,454.60</b>
4. Total impairment provision	44,555,937.63	15,085,500.19	(247,335.64)	<b>59,394,102.18</b>
Of which: Buildings	—	—	—	<b>—</b>
Machinery and equipment	25,684,698.83	8,248,185.27	(85,497.76)	<b>33,847,386.34</b>
Motor vehicles	—	—	—	<b>—</b>
Other equipment	18,871,238.80	6,837,314.92	(161,837.88)	<b>25,546,715.84</b>
5. Total net carrying amount of fixed assets	6,697,775,161.70	5,480,695,002.42	(21,464,634.21)	<b>12,157,005,529.91</b>
Of which: Buildings	2,891,989,667.66	2,842,845,367.14	(210,789.14)	<b>5,734,624,245.66</b>
Machinery and equipment	3,181,210,250.41	2,376,958,908.37	(11,695,668.57)	<b>5,546,473,490.21</b>
Motor vehicles	31,824,455.32	5,786,158.28	(3,146,558.32)	<b>34,464,055.28</b>
Other equipment	592,750,788.31	255,104,568.63	(6,411,618.18)	<b>841,443,738.76</b>

## X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

### 7. Fixed Assets (continued)

#### **Fixed assets** (continued)

During the year, the original book value of fixed assets increased by RMB158,687,958.40, RMB5,988,677,684.83, and RMB236,754,355.12 due to additions, transfer from construction in progress and merger of subsidiaries, respectively.

During the year, the original value of fixed assets decreased by RMB42,671,952.90 due to disposals, decreased by RMB4,974,211.61 due to transfer to construction.

During the year, the accumulated depreciation increased by RMB811,243,810.22 and RMB77,095,685.52 due to provisions and merger of subsidiaries, respectively.

During the year, the accumulated depreciation decreased by RMB25,026,604.64 due to disposal, decreased by RMB907,590.02 due to transfer to construction in progress.

During the year, the impairment provision of fixed assets increased by RMB13,323,970.09 and RMB1,761,530.10 due to provisions and merger of subsidiaries, respectively.

During the year, the impairment provision of fixed assets decreased by RMB247,335.64 due to disposal.

As at 31, December 2013, among the fixed assets, the net book value of properties without title certificates amounted to RMB3,187,521,353.78 and the application of relevant title certificates is in progress.

**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**7. Fixed Assets (continued)****Fixed assets (continued)**

Item	1/1/2012	Additions for the year	Deductions for the year	RMB
				31/12/2012
1. Total original carrying amount:	7,139,254,296.61	1,776,287,443.55	(62,968,694.05)	<b>8,852,573,046.11</b>
Of which:Buildings and structures	2,441,180,355.41	734,017,836.85	(139,287.53)	<b>3,175,058,904.73</b>
Machinery and equipment	3,636,606,521.69	838,742,251.30	(27,806,184.68)	<b>4,447,542,588.31</b>
Motor vehicles	27,062,847.37	15,901,089.48	(1,555,908.90)	<b>41,408,027.95</b>
Other equipment	1,034,404,572.14	187,626,265.92	(33,467,312.94)	<b>1,188,563,525.12</b>
2. Total accumulated depreciation:	1,483,971,340.09	651,741,439.51	(25,470,832.82)	<b>2,110,241,946.78</b>
Of which:Buildings	203,234,185.34	79,840,547.12	(5,495.39)	<b>283,069,237.07</b>
Machinery and equipment	846,660,258.80	401,426,314.58	(7,438,934.31)	<b>1,240,647,639.07</b>
Motor vehicles	6,595,254.87	3,709,190.64	(720,872.88)	<b>9,583,572.63</b>
Other equipment	427,481,641.08	166,765,387.17	(17,305,530.24)	<b>576,941,498.01</b>
3. Total net book value of fixed assets	5,655,282,956.52	1,124,546,004.04	(37,497,861.23)	<b>6,742,331,099.33</b>
Of which:Buildings	2,237,946,170.07	654,177,289.73	(133,792.14)	<b>2,891,989,667.66</b>
Machinery and equipment	2,789,946,262.89	437,315,936.72	(20,367,250.37)	<b>3,206,894,949.24</b>
Motor vehicles	20,467,592.50	12,191,898.84	(835,036.02)	<b>31,824,455.32</b>
Other equipment	606,922,931.06	20,860,878.75	(16,161,782.70)	<b>611,622,027.11</b>
4. Total impairment provision	—	44,555,937.63	—	<b>44,555,937.63</b>
Of which:Buildings	—	—	—	—
Machinery and equipment	—	25,684,698.83	—	<b>25,684,698.83</b>
Motor vehicles	—	—	—	—
Other equipment	—	18,871,238.80	—	<b>18,871,238.80</b>
5. Total net carrying amount of fixed assets	5,655,282,956.52	1,079,990,066.41	(37,497,861.23)	<b>6,697,775,161.70</b>
Of which:Buildings	2,237,946,170.07	654,177,289.73	(133,792.14)	<b>2,891,989,667.66</b>
Machinery and equipment	2,789,946,262.89	411,631,237.89	(20,367,250.37)	<b>3,181,210,250.41</b>
Motor vehicles	20,467,592.50	12,191,898.84	(835,036.02)	<b>31,824,455.32</b>
Other equipment	606,922,931.06	1,989,639.95	(16,161,782.70)	<b>592,750,788.31</b>

## X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

### 7. Fixed Assets (continued)

#### **Fixed assets** (continued)

During 2012, the original book value of fixed assets increased by RMB87,740,225.03, RMB1,670,855,344.27, and RMB17,691,874.25 due to additions, transfer from construction in progress and transfer from self-produced moulds, respectively.

During 2012, the original value of fixed assets decreased by RMB53,139,634.19 due to disposals, decreased by RMB9,829,059.86 due to transfer to construction.

During 2012, the accumulated depreciation increased by RMB651,741,439.51 due to provisions.

During 2012, the accumulated depreciation decreased by RMB24,926,139.08 due to disposal, decreased by RMB544,693.74 due to transfer to construction.

During 2012, the impairment provision of fixed assets increased by RMB44,555,937.63 due to provisions.

As at 31, December 2012, among the fixed assets, the net book value of properties without title certificates amounted to RMB1,580,398,585.72.

## X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

### 8. Construction in progress

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

Project	31/12/2013			31/12/2012		
	Book balance	Impairment provision	Net book value	Book balance	Impairment provision	Net book value
Annual production of 300,000 sets of EG engines	70,091,130.40	—	70,091,130.40	96,091,287.55	—	96,091,287.55
Annual production of 200,000 sets of six-speed manual transmissions	40,622,856.60	—	40,622,856.60	84,746,488.00	—	84,746,488.00
Annual production of 400,000 sets of aluminium alloy casting	29,835,562.63	—	29,835,562.63	92,699,544.15	—	92,699,544.15
Annual production of 400,000 sets of automotive lightings	27,641,592.86	—	27,641,592.86	104,642,256.33	—	104,642,256.33
Tianjin automobile project	502,978,177.05	—	502,978,177.05	1,465,528,487.44	(2,812,449.12)	1,462,716,038.32
Tianjin branch's parts and components project	168,739,711.49	—	168,739,711.49	56,392,694.66	—	56,392,694.66
Tianjin branch's residential area supporting project	16,780,791.26	—	16,780,791.26	166,097,864.43	—	166,097,864.43
Industrial park phase I. II. III	252,152,970.60	(851,065.00)	251,301,905.60	239,489,752.97	(193,476.82)	239,296,276.15
Steam project	3,570,000.00	—	3,570,000.00	49,015,462.00	—	49,015,462.00
Xindatong Reconstruction	32,584,178.01	—	32,584,178.01	40,482,620.93	—	40,482,620.93
Jiaozhuang infrastructure	7,588,391.57	—	7,588,391.57	774,153.70	—	774,153.70
Jiaozhuang equipment	123,920,244.87	—	123,920,244.87	104,567,436.94	—	104,567,436.94
New technology center	842,546,398.45	—	842,546,398.45	121,533,529.05	—	121,533,529.05
Xushui Automobile Project	1,050,010,890.20	—	1,050,010,890.20	1,474,374,027.27	—	1,474,374,027.27
Xushui parts and components project	284,525,052.78	—	284,525,052.78	364,088,932.07	—	364,088,932.07
Xushui supporting infrastructure project	2,512,697.63	—	2,512,697.63	185,312,678.19	—	185,312,678.19
Others	12,136,681.13	—	12,136,681.13	51,582,000.41	—	51,582,000.41
<b>Total</b>	<b>3,468,237,327.53</b>	<b>(851,065.00)</b>	<b>3,467,386,262.53</b>	<b>4,697,419,216.09</b>	<b>(3,005,925.94)</b>	<b>4,694,413,290.15</b>

# Notes to the Financial Statements

For the year ended 31 December 2013

## X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

### 8. Construction in progress (continued)

#### (2) Changes of major construction in progress

Project	Budget amount	1/1/2013	Additions	Transfer to fixed assets	Other deductions	Investment to budget (%)	Accumulated capitalized interest amount	Of which: capitalized interest amount	Ratio of capitalized interest amount (%)	Sources of fund	RMB
											31/12/2013
Annual production of 300,000 sets of EG engines	547,163,800.00	96,091,287.55	27,538,716.74	(20,285,007.73)	(33,253,866.16)	80.39	—	—	—	Fund raised and Internal resources	70,091,130.40
Annual production of 200,000 sets of six-speed manual transmissions	432,561,100.00	84,746,488.00	472,339.17	(32,035,499.66)	(12,560,470.91)	97.39	—	—	—	Fund raised	40,622,856.60
Annual production of 400,000 sets of aluminium alloy casting	303,376,600.00	92,699,544.15	15,403,214.54	(78,267,196.06)	—	98.94	—	—	—	Fund raised	29,835,562.63
Annual production of 400,000 sets of automotive lightings	180,677,200.00	104,642,256.33	8,893,661.73	(82,226,803.83)	(3,667,521.37)	100.00	—	—	—	Fund raised and Internal resources	27,641,592.86
Tianjin automobile project	4,451,639,200.00	1,465,528,487.44	897,814,299.29	(1,860,364,609.68)	—	97.33	—	—	—	Internal resources	502,978,177.05
Tianjin branch's parts and components project	1,399,271,000.00	56,392,694.66	168,067,020.69	(53,337,262.58)	(2,382,741.28)	20.68	—	—	—	Internal resources	168,739,711.49
Tianjin branch's residential area supporting project	493,019,700.00	166,097,864.43	36,527,686.61	(185,844,759.78)	—	85.92	—	—	—	Internal resources	16,780,791.26
Industrial park phase I, II, III	511,048,181.00	239,489,752.97	231,592,987.42	(205,098,234.67)	(13,831,535.12)	99.48	—	—	—	Internal resources	252,152,970.60
Steam project	68,735,000.00	49,015,462.00	11,827,616.00	(57,273,078.00)	—	88.52	—	—	—	Internal resources	3,570,000.00
Xindatong Reconstruction	58,651,744.00	40,482,620.93	13,144,897.14	(19,608,267.56)	(1,435,072.50)	100.00	—	—	—	Internal resources	32,584,178.01
Jiaozhuang infrastructure	253,863,000.00	774,153.70	8,410,008.67	(1,595,770.80)	—	79.02	—	—	—	Internal resources	7,588,391.57
Jiaozhuang equipment	1,210,071,000.00	104,567,436.94	102,779,991.19	(75,910,331.35)	(7,516,851.91)	93.04	—	—	—	Internal resources	123,920,244.87
New technology center	1,893,518,600.00	121,533,529.05	721,012,869.40	—	—	44.50	—	—	—	Internal resources	842,546,398.45
Xushui Automobile Project	5,235,799,742.00	1,474,374,027.27	1,490,987,845.57	(1,915,350,982.64)	—	56.65	—	—	—	Internal resources	1,050,010,890.20
Xushui parts and components project	2,659,779,920.00	364,088,932.07	1,087,188,904.67	(1,166,752,783.96)	—	53.31	—	—	—	Internal resources	284,525,052.78
Xushui supporting infrastructure project	231,324,300.00	185,312,678.19	41,306,682.08	(224,106,662.64)	—	97.99	—	—	—	Internal resources	2,512,697.63
Others	259,577,000.00	51,582,000.41	23,254,295.81	(10,620,433.89)	(62,079,181.20)	67.48	—	—	—	Internal resources	12,136,681.13
<b>Total</b>	<b>20,190,077,087.00</b>	<b>4,697,419,216.09</b>	<b>4,886,223,036.72</b>	<b>(5,988,677,684.83)</b>	<b>(126,727,240.45)</b>		<b>—</b>	<b>—</b>	<b>—</b>		<b>3,468,237,327.53</b>

#### (3) Impairment of construction in progress

Item	1/1/2013	Additions for the year	Deductions for the year	31/12/2013	The reason of provision/ decrement
					RMB
Tianjin Automobile project	2,812,449.12	—	(2,812,449.12)	—	Disposal
Industrial park phase I II III Reconstruction and expansion	193,476.82	851,065.00	(193,476.82)	851,065.00	Process Change/ Disposal
<b>Total</b>	<b>3,005,925.94</b>	<b>851,065.00</b>	<b>(3,005,925.94)</b>	<b>851,065.00</b>	

**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**9. Intangible assets****Intangible assets**

Item	1/1/2013	Additions for the year	Deductions for the year	RMB
				31/12/2013
1. Total original book value	1,946,932,603.73	353,341,049.16	—	<b>2,300,273,652.89</b>
Land use rights	1,892,396,089.58	327,496,531.10	—	<b>2,219,892,620.68</b>
Others	54,536,514.15	25,844,518.06	—	<b>80,381,032.21</b>
2. Total accumulated amortization	114,316,400.45	54,710,545.60	—	<b>169,026,946.05</b>
Land use rights	83,998,980.06	45,801,701.33	—	<b>129,800,681.39</b>
Others	30,317,420.39	8,908,844.27	—	<b>39,226,264.66</b>
3. Total net book value of intangible assets	1,832,616,203.28	298,630,503.56	—	<b>2,131,246,706.84</b>
Land use rights	1,808,397,109.52	281,694,829.77	—	<b>2,090,091,939.29</b>
Others	24,219,093.76	16,935,673.79	—	<b>41,154,767.55</b>

During the year, the original book value increased by RMB319,410,441.63 and RMB33,930,607.53 due to additions and merger of subsidiaries respectively

During the year, the accumulated amortization increased by RMB50,124,612.78 and RMB4,585,932.82 due to provision and merger of subsidiaries respectively

As at 31 December 2013, among the intangible assets, the net book value of land use rights without land use right certificates amounted to RMB73,443,234.46, and the application of relevant land use right certificates is in progress.

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

Item	RMB	
	31/12/2013	31/12/2012
Located in mainland China — 10 to 50 years	<b>2,090,091,939.29</b>	1,808,397,109.52

**10. Short term borrowing**

Category	RMB	
	31/12/2013	31/12/2013
Pledge loans (Note 1)	<b>182,198,866.04</b>	—
Total	<b>182,198,866.04</b>	—

Note 1: At the end the reporting period, the balance of pledge bank loans were amounts due to account receivable factoring.

## Notes to the Financial Statements

For the year ended 31 December 2013

### X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

#### 11. Bills payable

Category	RMB	
	31/12/2013	31/12/2012
Bank acceptance bills	2,572,362,386.32	2,240,543,647.68
Total	2,572,362,386.32	2,240,543,647.68

#### 12. Accounts payable

Item	RMB	
	31/12/2013	31/12/2012
Within 1 year	11,236,019,553.02	8,913,344,135.07
1 to 2 years	17,773,365.70	11,257,902.58
2 to 3 years	4,155,057.00	5,851,430.06
Over 3 years	6,730,954.78	8,443,445.15
Total	11,264,678,930.50	8,938,896,912.86

Note 1: Accounts payable aged over one year were primarily the remaining balances for raw materials due to suppliers.

Note 2: At the end of the reporting period, there was no accounts payable due to shareholders holding 5% or more voting shares of the Company.

#### 13. Advances from customers

Item	RMB	
	31/12/2013	31/12/2012
Within 1 year	2,565,768,901.16	2,396,983,118.20
1 to 2 years	8,123,941.55	6,215,316.03
2 to 3 years	1,645,113.27	4,329,058.92
Over 3 years	2,375,640.82	4,011,892.23
Total	2,577,913,596.80	2,411,539,385.38

Note 1: Advances from customers aged over one year were primarily the outstanding payment due from customers in previous years.

Note 2: At the end of the reporting period, there was no advances from customers due to shareholders holding 5% or more voting shares of the Company.



**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**14. Other non-current liabilities**

All the other non-current liabilities are government grants.

Category	1/1/2013	Additions for the year	Credited to Non-operating income for the year	Other movements	RMB	
					31/12/2013	related to an asset/related to income
Infrastructure supporting fund (Note 1)	786,666,750.00	—	(2,150,570.91)	—	<b>784,516,179.09</b>	related to an asset
Government industrial policy supporting fund (Note 2)	236,459,236.52	—	(5,565,637.52)	—	<b>230,893,590.00</b>	related to an asset
Soft soil foundation subsidy (Note 3)	161,707,873.42	—	(3,388,193.92)	—	<b>158,319,679.50</b>	related to an asset
Hybrid power SUV development project (Note 4)	—	98,000,000.00	—	—	<b>98,000,000.00</b>	related to an asset
New technical centre infrastructure construction project (Note 5)	—	91,300,000.00	—	—	<b>91,300,000.00</b>	related to an asset
Tax refund for purchasing domestic manufactured equipment (Note 6)	80,775,346.30	—	(17,795,157.09)	—	<b>62,980,189.21</b>	related to an asset
Urban construction fund (Note 7)	60,102,706.97	—	(2,319,828.34)	—	<b>57,782,878.63</b>	related to an asset
Connected car project (Note 8)	—	12,000,000.00	—	—	<b>12,000,000.00</b>	related to an asset
Capital for new technical centre infrastructure construction (Note 9)	11,393,798.40	—	(237,370.80)	—	<b>11,156,427.60</b>	related to an asset
Subsidies for material technological innovation projects (Note 10)	6,133,333.33	—	(800,000.00)	—	<b>5,333,333.33</b>	related to an asset
863 plan (pure electronic motor) (Note 11)	2,600,000.00	460,000.00	(1,940,800.00)	—	<b>1,119,200.00</b>	related to income
Diesel engine development project fund (Note 12)	900,000.00	—	(100,000.00)	—	<b>800,000.00</b>	related to an asset
863 plan (power) (Note 13)	—	2,268,000.00	(2,268,000.00)	—	<b>—</b>	related to income
C20 pure electric car research and development (Note 14)	1,500,000.00	500,000.00	(2,000,000.00)	—	<b>—</b>	related to income
<b>Total</b>	<b>1,348,239,044.94</b>	<b>204,528,000.00</b>	<b>(38,565,558.58)</b>	<b>—</b>	<b>1,514,201,486.36</b>	
Less: Non-current liabilities due within one year	(33,457,430.17)				<b>(50,774,818.07)</b>	
Other non-current liabilities	1,314,781,614.77				<b>1,463,426,668.29</b>	

## X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

### 14. Other non-current liabilities (continued)

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

*Note 2:* According to the “Provisional Regulations on the Development of Advanced Manufacturing Industry in Tianjin Economic-Technological Development Area” and the cooperation agreement entered into between Tianjin Economic-Technological Development Area and the Company, the Company and Tianjin Wantong and Tianjin Lean, subsidiaries of the Company, received industrial policy supporting fund from Tianjin Economic-Technological Development Area in 2009.

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

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

*Note 5:* According to the “Notice regarding the Central Infrastructure Investment Expenditure Budget (Fund Allocated) for Revitalization of Industry and Technological Transformation in 2012 by Bureau of Finance in Baoding”, the Bureau of Finance in Southern Baoding allocated the Central Infrastructure Expenditure Budget (Allocated Fund) as Central Infrastructure expenditure budget (appropriation) quota amounted to RMB9,130,000 for the construction project of the new technology centre of the Company exclusively.

*Note 6:* This refers to value-added tax refunded to the Company and Changcheng Axles Industries, a subsidiary of the Company, for the purchase of domestic manufactured equipment by foreign-invested enterprises.

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

*Note 8:* According to “Notice regarding supplemental fund for satellite and appliance industry development in 2013 by the Finance Department and Development and Reform Commission of Hebei Province”, the Bureau of Finance and Development and Reform in Baoding allocated money amounted to RMB1,200,000 for the development of front installed telematics services platform and terminals based on the Big Dipper satellite system of the Company exclusively.

*Note 9:* According to the “Notice regarding the allocation of infrastructure construction fund to the new technology centre of Great Wall Motor Company Limited by the Bureau of Finance in Baoding”, the Bureau of Finance in Southern Baoding allocated money for the infrastructure construction of the new technology center of the Company exclusively.

**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**14. Other non-current liabilities (continued)**

*Note 10:* According to “Notice regarding improving the ability of independent innovation and high-tech industry development projects in 2010 the first batch of the central budget for investment projects” issued by Hebei Development and Reform Commission and forwarded by Baoding Development and Reform Commission, Baoding Development and Reform Commission allocated money to the company for innovation project of Automobile safety and environmental protection. Baoding Finance Bureau allocated money to Great Wall Internal Combustion Engine, a subsidiary of the company for Diesel engine technology reconstruction project. Moreover, according to the “Notice Regarding the Central Infrastructure Expenditure Budget (Fund Allocated) for Independent Innovation and Advanced Technology Industrialization in 2011 by Bureau of Finance in Baoding”, the Bureau of Finance in Southern Baoding allocated the Central Infrastructure Expenditure Budget (Allocated Fund) as Central Infrastructure expenditure budget (appropriation) quota for the innovation project of the technology centre of the Company exclusively.

*Note 11:* According to “Mission statement of National High Technology Research and Development Program (Program 863)”, in critical automotive powertrain technology projects of Modern transport technology areas, the company’s development on diesel for high pressure beard common rail car was granted project research funding amounted to RMB460,000.

*Note 12:* According to “Notice regarding the projects and funding of Hebei Province Scientific and technological research and development program (the first batch)”, the company’s GW4D20 Diesel product development project was granted directly from the Bureau of Finance in Hebei Province.

*Note 13:* According to “Mission statement of National High Technology Research and Development Program (Program 863)”, in critical automotive powertrain technology projects of Modern transport technology areas, the company’s A0-class small city development of pure electric cars was granted project research funding amounted to RMB2,268,000.

*Note 14:* According to “Mission statement of Hebei Province’s Major technological innovation projects”, the company’s research on project of “Research and development, and Research on industrialized technology of Great Wall Tengyi C20 pure electric car” assigned by Science and Technology Agency of Hebei Province, was granted project funding amounted to RMB500,000.

## Notes to the Financial Statements

For the year ended 31 December 2013

### X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

#### 15. Capital reserve

RMB

Item	Opening balance	Additions for the year	Deductions for the year	Closing balance
<b>2013</b>				
Capital premiums	4,509,010,149.89	—	—	4,509,010,149.89
Other capital reserves	(2,933,126.78)	—	—	(2,933,126.78)
Of which: Transfer from				
capital reserves under previous standards	(2,933,126.78)	—	—	(2,933,126.78)
Translation differences of foreign capital	—	—	—	—
Reserve for revaluation gain of assets	—	—	—	—
<b>Total</b>	<b>4,506,077,023.11</b>	<b>—</b>	<b>—</b>	<b>4,506,077,023.11</b>
<b>2012</b>				
Capital premiums	4,509,010,149.89	—	—	4,509,010,149.89
Other capital reserves	(2,933,126.78)	—	—	(2,933,126.78)
Of which: Transfer from				
capital reserves under previous standards	(2,933,126.78)	—	—	(2,933,126.78)
Translation differences of foreign capital	—	—	—	—
Reserve for revaluation gain of assets	—	—	—	—
<b>Total</b>	<b>4,506,077,023.11</b>	<b>—</b>	<b>—</b>	<b>4,506,077,023.11</b>

**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**16. Undistributed profits**

Item	RMB	
	Amount	Proportion of appropriation or allocation
<b>2013</b>		
Undistributed profits at the beginning of the year	<b>10,561,619,917.42</b>	
Add: Net profits	<b>7,843,150,143.98</b>	
Less: Appropriation of statutory surplus reserves	<b>(40,343,220.93)</b>	(1)
Distribution of cash dividends	<b>(1,734,181,110.00)</b>	(2)
Undistributed profits at the end of the year	<b>16,630,245,730.47</b>	
<b>2012</b>		
Undistributed profits at the beginning of the year	6,714,550,744.13	
Add: Net profits	5,288,662,303.66	
Less: Appropriation of statutory surplus reserves	(528,866,230.37)	(1)
Distribution of cash dividends	(912,726,900.00)	(2)
Undistributed profits at the end of the year	10,561,619,917.42	

**(1) Appropriation of statutory surplus reserves**

As required by the Articles of Association, statutory surplus reserve shall be withdrawn at 10% of net profit. If the accumulated amount of the Company's statutory surplus reserve is over 50% of its registered capital, no provision. Subject to certain provisions of the Company Law and the Articles of Association, part of the statutory surplus reserve may be transferred into the share capital of the Company provided that the balance of statutory surplus reserve shall not be less than 25% of its registered capital.

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

The 2012 Annual General Meeting of the Company held on 10 May 2013 considered and approved the resolution regarding the profit distribution proposal for the year 2012. In 2012, the Company declared a cash dividend of RMB0.57 per share (tax inclusive) to all shareholders, aggregating to RMB1,734,181,110.00 based on the total of 3,042,423,000 shares with a par value of RMB1 each.

**(3) Distribution of profits after balance sheet date**

On the basis of a total of 3,042,423,000 shares with a par value of RMB1 each in 2013, the final cash dividend of RMB2,494,786,860.00 at RMB0.82 per share (tax inclusive) in respect of the year ended 31 December 2013 has been proposed by the board of directors and is subject to approval by the shareholders in general meeting.

## Notes to the Financial Statements

For the year ended 31 December 2013

### X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

#### 17. Operating revenue and operating costs

##### (1) Operating revenue

Item	2013	RMB 2012
Revenue from principal businesses	<b>53,633,788,611.99</b>	40,941,809,888.84
Of which: Revenue from the sale of automobiles	<b>52,083,522,161.83</b>	39,667,315,943.28
Revenue from the sale of automotive parts and components	<b>1,457,913,473.58</b>	1,192,166,225.74
Revenue from the sale of mould and others	<b>55,491,554.41</b>	76,028,334.82
Revenue from render service	<b>36,861,422.17</b>	6,299,385.00
Revenue from other businesses	<b>520,019,044.60</b>	574,952,213.80
Total	<b>54,153,807,656.59</b>	41,516,762,102.64

##### (2) Operating costs

Item	2013	RMB 2012
Operating costs from principal businesses	<b>41,752,521,569.47</b>	32,607,532,602.31
Of which: Costs incurred from the sale of automobiles	<b>40,478,071,908.18</b>	31,607,239,351.28
Costs incurred from the sale of automotive parts and components	<b>1,192,100,230.38</b>	928,401,561.23
Costs incurred from the sale of mould and others	<b>51,593,651.40</b>	66,586,642.44
Costs from render service	<b>30,755,779.51</b>	5,305,047.36
Costs incurred from other businesses	<b>421,385,786.63</b>	484,669,382.70
Total	<b>42,173,907,356.10</b>	33,092,201,985.01

##### (3) Operating revenue from top five customers of the Company

Name of customer	Operating revenue	RMB Percentage of the total operating revenue of the Company (%)
Customer 1	1,587,050,124.05	2.93
Customer 2	552,769,406.32	1.02
Customer 3	445,441,499.33	0.82
Customer 4	347,385,102.75	0.64
Customer 5	240,047,164.06	0.45
Total	3,172,693,296.51	5.86

**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**18. Business tax and surcharges**

Item	2013	RMB 2012
Business tax	2,153,152.18	1,288,551.84
Consumption tax	1,493,604,669.38	1,207,656,990.74
Urban maintenances and construction tax	257,422,390.29	175,346,804.67
Educational surcharges	183,915,474.39	125,247,711.89
Others	20,593,267.26	11,598,508.04
Total	1,957,688,953.50	1,521,138,567.18

**19. Administrative expenses**

Item	2013	RMB 2012
Technology development expenditures	1,564,456,444.55	851,847,004.43
Wages and salaries	446,069,350.22	285,305,333.32
Taxes	72,799,104.63	54,724,830.24
Depreciation and amortization	59,958,676.66	49,176,010.75
Business reception fees	8,224,900.72	5,203,636.40
Office expenses	29,167,440.03	22,035,899.33
Repair and maintenance fees	44,136,492.94	19,979,158.34
Auditors' remuneration	2,508,315.47	2,680,000.00
Service charges	21,203,372.62	17,427,637.98
Others	41,760,292.92	24,194,143.77
Total	2,290,284,390.76	1,332,573,654.56

**20. Investment income****(1) Breakdown of investment income**

Item	2013	RMB 2012
Income from long-term equity investments under equity method	5,729,436.37	1,869,116.91
Income from available-for-sale financial asset investment	31,086,600.09	7,196,687.02
Income (loss) from the disposal of long-term equity investments	260,298,646.45	(2,075,513.36)
Income from long-term equity investments under cost method	1,279,247,709.94	803,503,996.85
Total	1,576,362,392.85	810,494,287.42

## Notes to the Financial Statements

For the year ended 31 December 2013

### X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

#### 20. Investment income (continued)

##### (2) Income from long-term equity investments under equity method:

Investee	RMB	
	2013	2012
Baoding Jiehua Automobile Components and Accessories Company Limited	116,908.17	71,814.94
Baoding Yanfeng Johnson Controls Automobile Seating Co., Ltd.	5,612,528.20	1,797,301.97
Total	5,729,436.37	1,869,116.91

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

#### 21. Income tax expenses

Item	RMB	
	2013	2012
Current income tax calculated according to tax laws and relevant rules	1,065,247,504.06	781,189,761.99
Deferred income tax	(21,067,667.86)	(31,136,937.70)
Total	1,044,179,836.20	750,052,824.29

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

Item	RMB	
	2013	2012
Accounting profit/loss	8,887,329,980.18	6,038,715,127.95
Income tax rate	25%	25%
Income tax expenses calculated at tax rate of 25%	2,221,832,495.05	1,509,678,781.99
Tax holidays, exemptions and concessionary rate	(699,720,451.86)	(490,321,382.94)
Additional deduction for research and development costs	(111,031,285.67)	(76,579,547.59)
Tax effect of non-taxable income	(386,439,362.67)	(201,343,278.44)
Tax effect of non-deductible expenses	19,538,441.35	8,618,251.27
Total	1,044,179,836.20	750,052,824.29



**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**22. Supplemental information of cash flow statements****(1) Supplemental information of cash flow statements**

Supplemental information	2013	RMB 2012
<b>1. Reconciliation of net profits and cash flow from operating activities:</b>		
Net profit	7,843,150,143.98	5,288,662,303.66
Add: Impairment provisions for assets	18,399,832.25	47,982,041.70
Depreciation of fixed assets	811,243,810.22	651,741,439.51
Amortization of intangible assets	50,124,612.78	43,534,412.97
Amortization of long-term prepaid expenses	6,741,719.70	2,096,550.27
Depreciation of real estate held for investment	161,943.13	161,943.13
(Gains)/losses from change of fair value	7,381,189.40	(10,473,607.26)
(Gains)/losses on disposal of fixed assets, intangible assets and other long-term assets, net of gains	11,275,621.41	20,584,264.43
Amortization of deferred gains	(35,337,558.58)	(34,458,264.05)
Financing costs/(gains)	5,294,922.52	13,004,786.46
Investment losses/(gains)	(1,576,362,392.85)	(810,494,287.42)
(Increase)/decrease in deferred tax assets, net of increase	(21,067,667.86)	(31,136,937.70)
(Increase)/decrease in inventories, net of increase	(694,548,567.61)	(197,216,140.07)
(Increase)/decrease in operating receivables, net of increase	(2,444,102,230.42)	(4,997,687,596.49)
Increase/(decrease) in operating payables, net of decrease	3,330,479,332.60	4,018,666,694.67
Net cash flows from operating activities	7,312,834,710.67	4,004,967,603.81
<b>2. Net change in cash and cash equivalents:</b>		
Cash balance at the end of the year	4,074,446,337.47	3,601,505,562.66
Less: Cash balance at the beginning of the year	3,601,505,562.66	3,775,429,524.51
Add: Cash equivalents balance at the end of the year	—	—
Less: Cash equivalents balance at the beginning of the year	—	—
Net increase in cash and cash equivalents	472,940,774.81	(173,923,961.85)

**(2) Components of cash and cash equivalents**

Item	2013	RMB 2012
<b>1. Cash</b>	4,074,446,337.47	3,601,505,562.66
Of which: Cash in hand	809,188.67	1,085,226.98
Bank deposits readily available for payment	4,073,637,148.80	3,600,420,335.68
Other cash and bank balances readily available for payment	—	—
<b>2. Cash and cash equivalent balance as at the end of the year</b>	4,074,446,337.47	3,601,505,562.66

# Notes to the Financial Statements

For the year ended 31 December 2013

## X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

### 23. Related party transactions

#### (1) Purchases of raw materials and components

				<i>RMB</i>	
Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	2013	
				Amount	Percentage of total amount (%)
Subsidiaries of the Company	Purchase	Purchases of raw materials	Mutually agreed price	<b>13,601,641,767.26</b>	<b>43.65</b>
Associates of the Company	Purchase	Purchases of raw materials	Mutually agreed price	<b>323,808,906.81</b>	<b>1.04</b>

				<i>RMB</i>	
Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	2012	
				Amount	Percentage of total amount (%)
Subsidiaries of the Company	Purchase	Purchases of raw materials	Mutually agreed price	11,965,604,896.06	57.90
Jointly controlled entities of the Company	Purchase	Purchases of raw materials	Mutually agreed price	183,446,673.32	0.89
Associates of the Company	Purchase	Purchases of raw materials	Mutually agreed price	48,492,213.72	0.23

**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**23. Related party transactions** (continued)**(2) Sales of automobiles and components and parts**

*RMB*

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	2013	
				Amount	Percentage of total amount (%)
Subsidiaries of the Company	Sales	Sales of automobiles or components and parts	Mutually agreed price	48,318,952,039.02	89.60
Associates of the Company	Sales	Sales of automobiles or components and parts	Mutually agreed price	243,813.23	—

*RMB*

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	2012	
				Amount	Percentage of total amount (%)
Subsidiaries of the Company	Sales	Sales of automobiles or components and parts	Mutually agreed price	34,747,990,007.92	84.40
Jointly controlled entities of the Company	Sales	Sales of automobiles or components and parts	Mutually agreed price	95,678.67	—
Associates of the Company	Sales	Sales of automobiles or components and parts	Mutually agreed price	7,386.12	—
Other related parties of the Company	Sales	Sales of automobiles or components and parts	Mutually agreed price	731,111.12	—

# Notes to the Financial Statements

For the year ended 31 December 2013

## X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

### 23. Related party transactions (continued)

#### (3) Purchases of fixed assets and construction in progress

RMB

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	2013	
				Amount	Percentage of total amount (%)
Subsidiaries of the Company	Purchases of fixed assets and construction in progress	Purchases of fixed assets and construction in progress	Mutually agreed price	13,541,891.84	0.27
Associates of the Company	Purchases of fixed assets and construction in progress	Purchases of fixed assets and construction in progress	Mutually agreed price	55,665.31	—
Other related parties of the Company	Purchases of fixed assets and construction in progress	Purchases of fixed assets and construction in progress	Mutually agreed price	27,665.00	—

RMB

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	2012	
				Amount	Percentage of total amount (%)
Subsidiaries of the Company	Purchases of fixed assets and construction in progress	Purchases of fixed assets and construction in progress	Mutually agreed price	8,167,983.33	0.19
Jointly controlled entities of the Company	Purchases of fixed assets and construction in progress	Purchases of fixed assets and construction in progress	Mutually agreed price	19,075,955.56	0.44
Other related parties of the Company	Purchases of fixed assets and construction in progress	Purchases of fixed assets and construction in progress	Mutually agreed price	588,826.07	0.01

**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**23. Related party transactions (continued)****(4) Sales of fixed assets**

*RMB*

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	2013	
				Amount	Percentage of total amount (%)
Subsidiaries of the Company	Sales of fixed assets	Sales of fixed assets	Mutually agreed price	35,577,324.49	92.76

*RMB*

2012

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	Amount	Percentage of total amount (%)
Subsidiaries of the Company	Sales of fixed assets	Sales of fixed assets	Mutually agreed price	2,300,558.83	31.34

**(5) Acceptance of services**

*RMB*

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	2013	
				Amount	Percentage of total amount (%)
Subsidiaries of the Company	Acceptance of services	Acceptance of services	Mutually agreed price	283,304,982.49	27.17
Other related parties of the Company	Acceptance of services	Acceptance of services	Mutually agreed price	32,991.45	—

*RMB*

2012

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	Amount	Percentage of total amount (%)
Subsidiaries of the Company	Acceptance of services	Acceptance of services	Mutually agreed price	129,999,596.31	77.35
Other related parties of the Company	Acceptance of services	Acceptance of services	Mutually agreed price	38,089.74	0.02

# Notes to the Financial Statements

For the year ended 31 December 2013

## X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY

(continued)

### 23. Related party transactions (continued)

#### (6) Rendering of services

Related party	Category of related party transaction	Related party transaction	Pricing and decision making Procedure	RMB	
				2013 Amount	Percentage of total amount (%)
Subsidiaries of the Company	Rendering of services	Rendering of services	Mutually agreed price	46,892,264.75	52.85
Associates of the Company	Rendering of services	Rendering of services	Mutually agreed price	2,091,059.58	2.36

Related party	Category of related party transaction	Related party transaction	Pricing and decision making Procedure	RMB	
				2012 Amount	Percentage of total amount (%)
Subsidiaries of the Company	Rendering of services	Rendering of services	Mutually agreed price	39,871,947.96	67.46
Jointly controlled entities of the Company	Rendering of services	Rendering of services	Mutually agreed price	852,201.13	1.44

#### (7) Claims and others

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	RMB	
				2013 Amount	Percentage of total amount (%)
Subsidiaries of the Company	Claims and others	Claims and others	Mutually agreed price	15,332,158.97	33.78
Associates of the Company	Claims and others	Claims and others	Mutually agreed price	6,545.19	0.01
Other related parties of the Company	Claims and others	Claims and others	Mutually agreed price	415,077.68	0.91

**X. NOTES TO MAIN ITEMS OF THE FINANCIAL STATEMENTS OF THE COMPANY**

(continued)

**23. Related party transactions** (continued)**(7) Claims and others** (continued)

Related party	Category of related party transaction	Related party transaction	Pricing and decision making procedure	RMB	
				2012 Amount	Percentage of total amount (%)
Subsidiaries of the Company	Claims and others	Claims and others	Mutually agreed price	(14,108,275.19)	(31.52)
Jointly controlled entities of the Company	Claims and others	Claims and others	Mutually agreed price	(559,108.33)	(1.25)
Associates of the Company	Claims and others	Claims and others	Mutually agreed price	58,653.11	0.13
Other related parties of the Company	Claims and others	Claims and others	Mutually agreed price	3,310,711.34	7.40

**(9) Emolument of key management**

Item	RMB'000	
	2013	2012
Emolument of key management	19,766	13,839

## Notes to the Financial Statements

For the year ended 31 December 2013

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

#### 24. Receivables and payables of related parties

Item	Related party	RMB	
		31/12/2013	31/12/2012
Trade receivables	Subsidiaries of the Company	<b>710,117,958.56</b>	608,593,739.25
Subtotal:		<b>710,117,958.56</b>	608,593,739.25
Other receivables	Subsidiaries of the Company	<b>40,395,934.08</b>	23,551,393.40
Other receivables	Other related parties of the Company	<b>300,000.00</b>	—
Subtotal:		<b>40,695,934.08</b>	23,551,393.40
Prepayment	Subsidiaries of the Company	—	99,814,098.14
Subtotal:		—	99,814,098.14
Bills receivable	Subsidiaries of the Company	<b>16,829,500.00</b>	4,578,000.00
Subtotal:		<b>16,829,500.00</b>	4,578,000.00
Dividends receivable	Subsidiaries of the Company	<b>213,493,374.21</b>	158,242,274.24
Dividends receivable	Associates of the Company	<b>9,000,000.00</b>	15,280,463.03
Subtotal:		<b>222,493,374.21</b>	173,522,737.27
Trade payables	Subsidiaries of the Company	<b>3,559,169,418.84</b>	2,953,686,183.41
Trade payables	Jointly controlled entities of the Company	—	85,140,542.09
Trade payables	Associates of the Company	<b>109,996,849.03</b>	—
Trade payables	Other related parties of the Company	<b>297,713.80</b>	303,216.78
Subtotal:		<b>3,669,463,981.67</b>	3,039,129,942.28
Other payables	Subsidiaries of the Company	<b>6,896,744.84</b>	572,984.16
Other payables	Jointly controlled entities of the Company	—	800.00
Other payables	Other related parties of the Company	—	8,366,658.46
Subtotal:		<b>6,896,744.84</b>	8,940,442.62
Advances from customers	Subsidiaries of the Company	<b>2,418,234,087.84</b>	2,228,155,353.95
Advances from customers	Other related parties of the Company	—	34,000.00
Subtotal:		<b>2,418,234,087.84</b>	2,228,189,353.95
Bills payable	Subsidiaries of the Company	<b>27,822,573.15</b>	23,520,000.00
Subtotal:		<b>27,822,573.15</b>	23,520,000.00

### XI. APPROVAL OF THE FINANCIAL STATEMENTS

The company and consolidated financial statements of the Company had been approved by the Board of Directors of the Company on 21 March 2014.



# Supplementary Information

## (I) Supplementary Information

### 1. Breakdown of extraordinary gains and losses

Item	2013	<i>RMB</i> 2012
Profit or loss from disposal of non-current assets	<b>(11,824,310.90)</b>	13,163,733.99
Government grants accounted for in profit and loss account of the current period (except for government grants closely related to the corporate business that were given under a fixed standard amount or quantity as stipulated by the State)	<b>210,023,578.95</b>	122,351,085.11
Gains resulting from the deficit between the investment cost of subsidiaries, associates and jointly controlled entities and the investor's interests in the fair value of the investee's identifiable net assets	—	5,258,366.64
Investment gains from the disposal of long-term equity investments and investment gains from the disposal of held-for-trading financial assets and available-for-sale financial assets	<b>47,834,345.40</b>	12,080,241.10
Gains from the equity in acquiree already held before the date of acquisition and measured at fair value	—	5,026,762.03
Gains (losses) from changes in fair value	<b>(7,381,189.40)</b>	10,473,607.26
Non-operating gains and losses other than the above items	<b>53,485,200.44</b>	36,861,440.97
Effect of income tax	<b>(54,914,298.39)</b>	(31,851,608.38)
Effect of minority interests (after tax)	<b>(831,263.02)</b>	(275,543.13)
<b>Total</b>	<b>236,392,063.08</b>	173,088,085.59

The extraordinary gains and losses of the Group was recognized in accordance with the relevant requirements of the “Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No. 09) — Initial Public Offering and Listing Documents” and “Explanatory Notice for Information Disclosures by Companies that Offer Securities to the Public (No. 01) — Extraordinary Gains and Losses (2008)”.

**(I) Supplementary Information** (continued)**2. Return on net assets and earnings per share**

This calculation of return on net assets and earnings per was prepared by the Group in accordance with the relevant requirements of the “Compilation Rules for Information Disclosures by Companies that Offer Securities to the Public (No. 09) — Calculations and Disclosures for the Return on Net Assets and Earnings per Share” (as amended in 2010) issued by the China Securities Regulatory Commission.

2013	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to holders of ordinary shares of the Company	33.41	2.70	N/A
Net profit attributable to holders of ordinary shares of the Company, after deducting extraordinary gains and losses	32.61	2.63	N/A
2012	Weighted average return on net assets (%)	Earnings per share	
		Basic	Diluted
Net profit attributable to holders of ordinary shares of the Company	29.88	1.87	N/A
Net profit attributable to holders of ordinary shares of the Company, after deducting extraordinary gains and losses	29.11	1.81	N/A

**(I) Supplementary Information** (continued)**3. Irregular movements in major items of the accounting statements of the Group and explanation on their reasons**

Items of consolidated balance sheet as at 31 December 2013 with relatively material changes as compared with that as at 31 December 2012 are set forth below:

Item		31/12/2013	31/12/2012	Unit: RMB Change (%)
Held-for-trading financial assets	(1)	<b>4,270,117.86</b>	11,651,307.26	(63.35)
Other receivables	(2)	<b>2,559,193,416.74</b>	854,389,669.52	199.53
Fixed assets	(3)	<b>14,656,928,574.88</b>	9,019,119,819.20	62.51
Long-term prepaid expenses	(4)	<b>27,678,336.76</b>	17,486,693.00	58.28
Salaries payable	(5)	<b>1,096,561,764.67</b>	736,035,068.04	48.98
Other payables	(6)	<b>2,270,050,353.66</b>	1,219,640,824.99	86.12
Non-current liabilities due within one year	(7)	<b>69,258,714.61</b>	51,704,662.45	33.95
Minority interests	(8)	<b>12,098,824.67</b>	129,125,415.53	(90.63)

- (1) As at 31 December 2013, held-for-trading financial liabilities amounted to RMB4.27 million, representing a decrease of 63.35% as compared with 31 December 2012. The decrease was mainly due to the decline in fair value of forward foreign exchange contracts.
- (2) As at 31 December 2013, other receivables amounted to RMB2,559.19 million, representing an increase of 199.53% as compared with 31 December 2012. The increase was mainly due to the increase of performance bond
- (3) As at 31 December 2013, fixed assets amounted to RMB146.57 million, representing an increase of 62.51% as compared with 31 December 2012. The increase was mainly due to the transfer of construction in progress of Automobile Projects and Parts and Components Projects of Xushui I and Tianjin II to fixed assets.
- (4) As at 31 December 2013, long-term prepaid expenses amounted to RMB27.68 million, representing an increase of 58.28% as compared with 31 December 2012. The increase was mainly due to the decoration of building.
- (5) As at 31 December 2013, salaries payable amounted to RMB1,096.56 million, representing an increase of 48.98% as compared with 31 December 2012. The increase was mainly due to the increase in number of staff and salary and bonus during the year.
- (6) As at 31 December 2013, other payables amounted to RMB2,270.05 million, representing an increase of 86.12% as compared with 31 December 2012. The increase was mainly due to the increase in of payables for construction and equipment resulting from the increase of acquisition of long-term assets.
- (7) As at 31 December 2013, non-current liabilities due within one year amounted to RMB69.26 million, representing an increase of 33.95% as compared with 31 December 2012. The increase was mainly due to the amortization of infrastructure supporting fund of Xushui Automobile Project during the current period.
- (8) As at 31 December 2013, minority interests amounted to RMB1,210 million, representing a decrease of 90.63% as compared with 31 December 2012. The decrease was mainly due to the purchase of minority interest of Macs during the current period.

**(I) Supplementary Information** (continued)**3. Irregular movements in major items of the accounting statements of the Group and explanation on their reasons** (continued)

Items of consolidated income statement for the year ended 31 December 2013 with relatively material changes as compared with that for the year ended 31 December 2012 are set forth below:

Item		2013	2012	<i>Unit: RMB</i> Change (%)
Operating income	(1)	<b>56,784,314,344.30</b>	43,159,966,648.39	31.57
Operating costs	(1)	<b>40,537,994,662.12</b>	31,561,501,368.09	28.44
Administrative expenses	(2)	<b>2,747,417,124.13</b>	1,743,699,625.96	57.56
Impairment loss on assets	(3)	<b>14,216,037.68</b>	75,368,926.38	(81.14)
Gains or losses from changes in fair values	(4)	<b>(7,381,189.40)</b>	10,473,607.26	(170.47)
Investment income	(5)	<b>59,176,309.97</b>	19,322,880.32	206.25
Non-operating expenses	(6)	<b>27,153,032.94</b>	42,936,221.53	(36.76)
Income tax expenses	(7)	<b>1,687,590,073.78</b>	1,118,964,991.48	50.82
Profit or loss attributable to minority interests	(8)	<b>8,483,316.90</b>	29,622,376.53	(71.36)

- (1) Operating income and operating costs in 2013 amounted to RMB56,784.31 million and RMB40,537.99 million respectively, representing an increase of 31.57% and 28.44% respectively as compared with 2012. The increase in operating income was mainly due to the increase in the Group's sales volume.
- (2) Administrative expenses in 2013 amounted to RMB2,747.42 million, representing an increase of 57.56% as compared with 2012. The increase was mainly due to the increase in technology development expenses during the year.
- (3) Impairment loss on assets in 2013 amounted to RMB14.22 million, representing a decrease of 81.14% as compared with 2012. The decrease was mainly due to the reverse of bad debt and decrease of fixed asset impairment during the year.
- (4) Losses from changes in fair values in 2013 amounted to RMB7.38 million, representing a decrease of 170.47% as compared with 2012. The decrease was mainly due to the decrease in fair value of forward foreign exchange contracts during the year.
- (5) Investment income in 2013 amounted to RMB59.18 million, representing an increase of 206.25% as compared with 2012. The increase was mainly due to the disposal of the Exquisite Aluminium Alloy which was a subsidiary of the company and the increase of investment income from investment product.
- (6) Non-operating expenses in 2013 amounted to RMB27.15 million, representing an decrease of 36.76% as compared with 2012. The increase was mainly due to the disposal of non-current assets.

**(I) Supplementary Information** (continued)

**3. Irregular movements in major items of the accounting statements of the Group and explanation on their reasons** (continued)

- (7) Income tax expenses in 2013 amounted to RMB1,687.59 million, representing an increase of 50.82% as compared with 2012. The increase was mainly due to the increase of sales and profit margin during the year resulting in the increase in taxable income.
- (8) Profit attributable to minority interests in 2013 amounted to RMB8.48 million, representing a decrease of 71.36% as compared with 2012. The decrease was mainly due to the decrease of minority interests.

The supplemental information provided by the management was endorsed by the following representatives of Great Wall Motor Company Limited on 21 March 2014:

Legal Representative:

General Manager:

Chief Financial Officer:

Head of Financial Department:

21 March 2014

## Section 14 Index of Documents Available for Inspection

- I. **FINANCIAL STATEMENTS SIGNED AND SEALED BY THE LEGAL REPRESENTATIVE, PERSON-IN-CHARGE OF THE ACCOUNTING AFFAIRS AND PERSON-IN-CHARGE OF THE ACCOUNTING DEPARTMENT.**
- II. **THE ORIGINAL AUDITOR'S REPORT WITH THE SEAL OF THE ACCOUNTING FIRM AND SIGNATURES AND SEALS OF THE CERTIFIED PUBLIC ACCOUNTANTS.**

**Chairman: Wei Jian Jun**  
**Great Wall Motor Company Limited**  
21 March 2014





長城汽車股份有限公司  
GREAT WALL MOTOR COMPANY LIMITED\*