

Company Code: 600104

Abbreviation of Company: SAIC

**SAIC MOTOR CORPORATION LIMITED**  
**Annual Report 2017**

## Important Note

1. **Board of directors (the "Board"), board of supervisors, directors, supervisors and senior management of the Company certify that this report does not contain any false or misleading statements or material omissions and are jointly and severally liable for the authenticity, accuracy and integrity of the content.**
2. **All directors attended Board meetings (Wang Fanghua (an independent director) attended board meetings on behalf of Xie Rong (a director) as Xie Rong was not available for board meetings due to business reason.).**
3. **Deloitte Touche Tohmatsu Certified Public Accountants LLP issued standard unqualified audit report for the Company.**
4. **Mr. Chen Hong, Chairman of the Board, Mr. Wei Yong, the chief financial officer, and Ms. Gu Xiao Qiong, Head of Accounting Department, certify the authenticity, accuracy and integrity of the financial statements contained in the annual report of the current year.**
5. **Plan of profit distribution or capital reserve capitalization approved by the Board**

The Company plans to distribute cash dividends of RMB 18.30 (inclusive of tax) per 10 shares, amounting to RMB 21,380,734,297.95 in total based on total shares of 11,683,461,365. The Company has no plan of capitalization of capital reserve this year. The cash dividend distribution for the recent three years accumulates to RMB 55,653,216,165.64 in total (including the year of 2017).

### 6. Risk statement of forward-looking description

Applicable  N/A

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

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

No.

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

No.

### 9. Significant risk alert

There are no significant risks which have substantive effects on Company's production and operation during the reporting period. The Company has described the possibly existing relevant risks exposure in the process of production and operation in this report. Relevant details can refer to "Possible Risks" in Section IV Discussion and Analysis for Operation.

### 10. Others

Applicable  N/A

## Contents

### Contents

Contents .....	3
Section I Definitions.....	4
Section II General Information and Financial Indicators of the Company.....	5
Section III The Company's Business Overview .....	9
Section IV Discussion and Analysis for Operation .....	10
Section V Important Events.....	23
Section VI Share Capital Changes and Information of Shareholders.....	34
Section VII Preferred Stock Information.....	38
Section VIII Directors, Supervisors, Senior Management and Employees .....	39
Section IX Corporate Governance.....	46
Section X Circumstances about Corporate Bonds.....	51
Section XI Financial Statements .....	52
Section XII List of Documents Available For Inspection .....	206

## Section I Definitions

### I. Definition

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

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

## Section II General Information and Financial Indicators of the Company

### I. Information of the Company

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

### II. Contacts

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

### III. Basic information of the Company

<b>Registration address</b>	Room 509, No.1 Tower, No. 563 Songtao Road, Pilot Free Trade Zone, Shanghai, China
<b>Post code of registration address</b>	201203
<b>Office address</b>	No. 489 Weihai Road, Jing'an District, Shanghai, China
<b>Post code of office address</b>	200041
<b>Website</b>	<a href="http://www.saicmotor.com">http://www.saicmotor.com</a>
<b>E-mail</b>	<a href="mailto:saicmotor@saic.com.cn">saicmotor@saic.com.cn</a>

### IV. Information disclosure and the locations

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

### V. Abbreviation of the Company's shares

<b>Abbreviation of the Company's shares</b>				
<b>Class of shares</b>	<b>Stock exchange</b>	<b>Short name</b>	<b>Stock code</b>	<b>Former short name</b>
A shares	Shanghai Stock Exchange	SAIC MOTOR	600104	Shanghai Automotive

## VI. Other relevant information

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

## VII. Major accounting data and financial indicators in recent three years

## (I) Major accounting data

Unit: RMB

Major accounting data	2017	2016		Year-on-year (%)	2015
		After adjustment	Before adjustment		
Total operating income	870,639,427,000.07	756,414,060,141.04	756,416,165,065.29	15.10	670,448,223,139.34
Operating income	857,977,717,906.64	746,234,636,304.31	746,236,741,228.56	14.97	661,373,929,792.65
Net profit attributable to shareholders of the Company	34,410,339,492.71	32,005,700,516.10	32,008,610,688.65	7.51	29,793,790,723.65
Net profit excluding non recurring profit or loss attributable to shareholders of the Company	32,915,755,236.71	30,328,970,857.53	30,328,970,857.53	8.53	27,330,818,075.38
Net cash flow from operating activities	24,301,071,935.41	11,360,916,342.78	11,376,933,816.05	113.90	25,992,574,916.30
	<b>December 31, 2017</b>	<b>December 31, 2016</b>		Year-on-year (%)	<b>December 31, 2015</b>
		After adjustment	Before adjustment		
Net assets attributable to shareholders of the Company	225,335,302,711.77	192,098,045,637.18	191,920,977,560.73	17.30	175,128,738,657.93
Total assets	723,533,131,261.59	590,710,298,719.06	590,628,137,524.05	22.49	512,955,958,115.78

## (II) Major financial indicators

Major financial indicators	2017	2016		Year-on-year (%) (%)	2015
		After adjustment	Before adjustment		
Basic earnings per share (RMB/Share)	2.959	2.903	2.903	1.93	2.702
Diluted earnings per share (RMB/Share)	N/A	N/A	N/A	N/A	N/A
Basic earnings per share excluding non-recurring profit or loss (RMB/Share)	2.831	2.751	2.751	2.91	2.479
Weighted average return on net assets (%)	16.87	17.51	17.53	Decreased by 0.64 percentage points	17.91
Weighted average return on net assets excluding non-recurring profit or loss (%)	16.14	16.61	16.61	Decreased by 0.47 percentage points	16.43

Explanations for accounting data and financial indicators for recent three years

√ Applicable □ N/A

1. In February 2017, SAIC Investment Management Co., Ltd., a subsidiary of the Company, acquired 90% equity interest of E-propulsion Auto held by Shanghai Automotive Industry Corporation (Group), controlling shareholder of the Company. After the completion of the transaction, the Company holds 100% equity interest of E-propulsion Auto. As it is a business combination involving enterprises under common control, in accordance with Accounting Standards for Business Enterprises, it was deemed as included in the scope of consolidation at the beginning of the year and the comparative consolidated financial statements were adjusted retrospectively.
2. On January 19, 2017, the Company completed registration and trust procedures for new shares of the non-public offering in Shanghai Branch of China Securities Depository and Clearing Co., Ltd., and the total shares of the Company are increased to 11,683,461,365 shares from 11,025,566,629 shares.

#### VIII. Differences of accounting figures under domestic and foreign accounting principles

**i. Differences of net profit and net assets attributable to shareholders of the Company where both financial statements under Chinese Accounting Principles and International Financial Reporting Standards are disclosed**

□ Applicable √ N/A

**ii. Differences of net profit and net assets attributable to shareholders of the Company where both financial statements under Chinese Accounting Principles and foreign Accounting Principles are disclosed**

□ Applicable √ N/A

**iii. Explanations for differences between domestic and foreign accounting principles**

□ Applicable √ N/A

#### IX. Major quarterly financial data for the year 2017

Unit: RMB

	First Quarter (Jan. to Mar.)	Second Quarter (Apr. to Jun.)	Third Quarter (Jul. to Sept.)	Fourth Quarter (Oct. to Dec.)
Total operating income	196,281,832,220.32	200,124,487,049.60	211,643,273,958.83	262,589,833,771.32
Operating income	193,168,348,654.99	196,939,510,206.46	208,311,559,358.56	259,558,299,686.63
Net profit attributable to shareholders of the Company	8,261,035,088.91	7,697,177,144.08	8,680,424,946.55	9,771,702,313.17
Net profit excluding non-recurring profit or loss attributable to shareholders of the Company	8,172,390,583.26	7,503,408,272.23	8,180,880,926.47	9,059,075,454.75
Net cash flow from operating activities	-5,074,527,530.61	19,697,532,938.55	5,260,994,685.67	4,417,071,841.80

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

□ Applicable √ N/A

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

√ Applicable □ N/A

Unit: RMB

Items and amounts of non-recurring profit or loss	2017	Note (if applicable)	2016	2015
Profit or loss on disposal of non-current assets	-176,186,005.11		-274,439,799.71	-810,291,807.86
Government grants recognized in profit or loss for the current year, except those which are closely related with normal business courses, and granted on quota basis continuously based on the state policy	2,658,540,681.19		2,547,141,715.81	2,964,271,237.07
The excess of acquirer's proportionate share of fair value of identifiable net assets of acquiree over the	90,827,100.61		170,851,191.00	204,657,090.00

consideration paid for the acquisition of subsidiaries, associates and joint ventures				
Profit or loss on debt restructuring	506,460.00		266,280.06	199,000.89
Net profit or loss of subsidiary for the period from the beginning to the date of combination arising from business combination involving enterprises under common control	-1,120,333.39		-2,910,172.55	
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those for effective hedging activities relating to recurring operating business	4,944,490.56		8,285,353.69	-21,514,132.79
Reversal of impairment provision for accounts receivable with individually test of impairment	220,849,689.64			752,487,529.12
Profit or loss on entrusted loans	29,686,211.04		29,826,908.01	38,707,922.55
The effect of one-off adjustment to profit or loss in accordance with laws and regulations in respect of taxes and accounting on profit or loss for the period	-186,509,549.00			
Other non-operating income and expenses other than the above	-353,613,492.77		-232,900,943.80	-96,602,430.85
Amounts attributable to minority interests	-436,018,732.67		-254,988,503.67	-316,981,790.31
Income tax effects	-357,322,264.10		-314,402,370.27	-251,959,969.55
<b>Total</b>	<b>1,494,584,256.00</b>		<b>1,676,729,651.01</b>	<b>2,462,972,648.27</b>

**XI. Items measured at fair value**

√Applicable □N/A

Unit: RMB

Item	December 31, 2016	December 31, 2017	Change	Effects on profit or loss
Financial assets at fair value through profit or loss	1,559,753,224.57	4,795,191,451.72	3,235,438,227.15	-9,800,710.24
Available-for-sale financial assets	50,484,749,497.34	64,368,156,943.26	13,883,407,445.92	
Financial liabilities at fair value through profit or loss		203,623,811.66	203,623,811.66	5,464,952.23
<b>Total</b>	<b>52,044,502,721.91</b>	<b>69,366,972,206.64</b>	<b>17,322,469,484.73</b>	<b>-4,335,758.01</b>

**XII. Others**

□Applicable √N/A



## Section III The Company's Business Overview

### I. Principal businesses, operation models and industry profile in the reporting period

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

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

The Company is the largest domestic automobile group in terms of sales and manufacturing scale by far, and the largest automobile company listed in A share market in terms of market capitalization. Since 2004, the Company has been listed in Fortune 500 for 13 times consecutively and was ranked 41th in 2017 with total consolidated revenue of USD 113.86 billion for prior year.

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

Applicable N/A

### III. Analysis of core competitiveness during the reporting period

Applicable N/A

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

Secondly, the Company has advantages in its industrial system with integration synergy. The Company is an automobile enterprise with the most complete domestic auto industry chain layout and the most remarkable comprehensive strength, which is aiming at the new trend of development of the automotive industry, promoting the implementation of the new "new four modernization" development strategy, namely, " electrification, intelligent connecting, sharing and internationalization", carrying out a comprehensive layout in key technology fields of new energy vehicles, intelligent connected vehicle, mobility services, and striving to introduce its advantages in innovation technology to overseas to achieve differentiated competitiveness, accelerating the construction of ecological system with future orientation and global competitiveness, through comprehensive synergy and integration of four modernization.

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

## Section IV Discussion and Analysis for Operation

### I. Discussion and Analysis for Operation

In 2017, Chinese micro-economy was better than as expected, being steady towards being optimistic. The year 2017 witnessed a fluctuation that decreased at first and then recovered later in domestic automotive market, though the market relatively slow as a whole, with the stimulus of the incentive of the favorable adjustment to the levy policy of purchase tax on low-emission vehicles weaker than as expected. In 2017, a total of 29.11 million vehicles were sold in domestic market, a year-on-year increase of 3.3%, and a year-on-year speed decrease of 9%, including 24.859 million passenger vehicles and 4.251 million commercial vehicles, representing 2.5% and 7.8 % year-on-year increase respectively. Though the growth rate for sales of passenger vehicles witnessed an obvious decrease, there was a stronger trend for the upgrade of consumption; the growth rate for sales of commercial vehicles greatly exceeded the expectation, with a remarkable market differentiation, showing strong increase in the sales of heavy trucks and a downturn for the passenger car market, a continuously shrinking market for mini cars.

Though the growth rate for the domestic automotive market slowed down, SAIC Motor achieved a strong increase. In 2017, the Company sold 6.93 million vehicles, a year-on-year increase of 6.8%, more than doubled overall market growth rate, including 6.188 million passenger vehicles and 0.742 million commercial vehicles, representing 9.2% year-on-year increase and 9.8% year-on-year decrease (General commercial vehicles without micro cars increased by 24.6% over the same period); the Company's market share hit 23.3%, a year-on-year increase of 0.6%, which further expanded its leading advantage in the domestic market. During the reporting period, the Company's total operating income is RMB 870.639 billion, with a year-on-year increase of 15.10%; the net profit attributable to the shareholders of the Company is RMB 34.41 billion, with a year-on-year increase of 7.51%. The Company has created a new record of operating performance.

### II. Operation conditions in the reporting period

Challenged by the slowdown in market growth, the Company, on the basis of an already remarkable volume and scale, adhering to the general guideline of promoting development while ensuring stability, adhering to requirements of high quality development, and building a differentiated competitive advantage by innovation, created a new record of operating performance, with its self-owned brands becoming new driving engine, a new high level of cooperation of joint venture, new driving force injected by integration of "new four modernization" and steadily keep forward to higher quality, better efficiency and more sustainability.

1. The development of self-owned brands kept pace with that of joint-venture brands and self-owned brands have become new engine which drives growth. In 2017, three major vehicle joint ventures of the Company, namely, SAIC Volkswagen, SAIC GM and SGMW, all embraced a total sales of over 2 million. Three out of top 4 domestic OEMs in terms of vehicle sales were from SAIC Motor, including SGMW, topping the ranking list of annual sales of vehicles, SAIC Volkswagen, topping the ranking list of annual sales of passenger vehicles and SAIC GM's sales of vehicles breaking 2 million for the first time. Major joint ventures of SAIC Motor kept a robust market performance. Meanwhile, sales volume of Roewe and MG, SAIC Motor's self-owned passenger vehicle brands, hit 0.522 million, a year-on-year increase of 62.3%, sales volume of SAIC Maxus exceeded 71,000, a year-on-year increase of 54%. SAIC Motor's self-owned brands quickly topped the list in terms of growth rate of sales volume under the background of differentiated performances of domestic self-owned brands. In 2017, among the 440,000 additional sales of SAIC Motor, increase in sales volume of self-owned brands hit 227,000, contributing 51.6% to the increase in sales volume, presenting a balanced development for both self-owned brands and joint-venture brands.

2. The Company continued to optimize product mix. The Company actively mastered the trend of consumption upgrade. Joint-venture high-class products including Teramont, Tiguan L of SAIC Volkswagen, Cadillac brand and Buick GL8 of SAIC GM sold well; SAIC Internet Vehicle Family has been growing day by day, with internet vehicle products accounting for more than 40% of passenger vehicles of self-owned brands; sales volume of SAIC new energy vehicles almost doubled, with an annual sales volume of 64,000, a year-on-year increase of 156%. SAIC Motor's self-owned brands of new energy passenger vehicles won a steady market presence in the middle-and-high market. Fuel celled light vehicles, SAIC Maxus FCV80 firstly achieved commercialized operation across the country. SGMW E100 created a brand new commerce model for new energy. In 2017, the proportion of sales volume of vehicles pricing at over RMB 150,000 rose from 30% to 34%, the Company's product mix has been further optimized.
3. R&D of core technology is being advanced. In the aspect of consolidating electrification foundation, work related to independent development of key parts of "three electric" systems including the first generation of electric-driving gearbox and battery management system, electric axis and inverter, and brand new electricity-driven E framework has been progressed continuously; R&D of products regarding 300 high-power fuel cell electric pile project has been launched and striving for world-class technical level. In the respect of advancing advantages in the intelligent network connection technology, "banma driving intelligent system 2.0" has been officially released, and launched the upgraded the world's biggest scale OTA for internet vehicle users, with functions including intelligent voice control, big data active navigation, cloud computing of mobility entertainment and intelligent connected remote control, which will further improve user experience. In the meantime, the Company has focused on "the last one kilometer" self-parking project, cooperated with hi-tech enterprises like Mobileye in self-driving solution based on visus, stepped up to promote integration and development of iECU software/hardware, launched the development of chassis actuator including steer-by-wire system and electronic controlled braking system and comprehensively improve core technology capability in the field of intelligent driving. In the respect of exploration on acceleration of sharing, the Company built new-energy oriented vehicles for car sharing based on brand new A00 framework, starting from the development of front-end technology, regarding fully integrated with requirements of the back-end time-sharing operation model, laying a competitive products foundation to seize the car sharing market. In the respect of building an international competitive advantage, the Company released i-Intelligent vehicle connect system and realized the export of advantage in domestic internet connected technology overseas. Besides, the Company sped up promotion of construction of the cloud computing platform for big data business and artificial intelligence, work related to inputting data on the cloud platform was accelerated and played a role in the analysis of user's behavior and characteristics and optimization of stock in the store.
4. Continuous improvement in innovation layout. The Company cooperated with Contemporary Amperex Technology Co., Ltd. ("CATL") and Infineon Technologies AG respectively in core parts including cells, battery management system and IGBT module, further improved the layout of new energy industry; meanwhile, development of the electric, intelligent internet connected special platform projects like SAIC Volkswagen MEB SAIC GM BEV3 was accelerated. The Company acquired Zhonghaiting for the strategic layout in the field of high precision E-map and entered into joint-venture agreement with TTTech Computertechnik AG, a world well-known provider of intelligent driving control solution, to collaborate in the promotion of industrialization of intelligent driving controller.
5. Further integration of new four modernizations. Subsequent to the success of the world's first internet SUV, Roewe RX5, the Company released new products including Roewe i6, Roewe RX3, MG ZS, Maxus T60 and Maxus D90 in succession, on this basis, sped up the integration and development of "Internet plus new energy", released plug-in hybrid electric vehicles (PHEV) and blade electric vehicles (BEV) of Roewe RX5 and Roewe i6 (PHEV), built a service ecological circle of internet vehicle by integrating resources. In the next step, the Company would launch "electric plus intelligent connected" high-class domestic products for end users, and "electric plus intelligent connected" special vehicles for rental and logistic purpose for commercial users; besides, the Company would provide green mobility solution and internet connected ecological services overseas through innovative business model like sharing, in the vehicle of new energy automobiles, and built new

- competitive advantage in market differentiation overseas based on the integration of new four modernizations.
6. Acceleration of construction of mobility ecology. The Company focused on user's needs of "intelligent mobility for people, convenient services for vehicles and highly efficient flow of things", kept expanding ecology for mobility services and accelerated the transformation towards a comprehensive supplier of mobility services and products. SAIC Anji Logistics Artificial Intelligence Laboratory has been established, and intelligent logistic service platforms like "Chehaoyun" gained rapid development. Car Sharing Vehicle E-business realized sales of vehicles over 70,000, leading the domestic sales volume of E-commerce of vehicles, it also strove to build the brand of "Tailored by Xiang", and actively explored to satisfy passenger vehicle users' customization and modification needs. "Che Xiang Jia" completed Series B financing totaling RMB 1 billion, with offline branches hitting 1,500, and quality for the operation of stores and user's experience of services continuously upgraded. The nationwide layout of Global Car Sharing business was accelerated, with 27,000 vehicles running for business in 2017, entering into 60 cities, over 8,000 branches connected online and registered members hitting 1.73 million. Anyo Charging has accumulatively constructed 38,000 charging piles of which over 12,000 were for public use. Anyo Energy-saving photovoltaics project has accumulatively generated over 0.1 billion kilowatt-hour.
  7. Continuously further combination of industry and finance. In respect of automotive finance, the scale of loans breaks through RMB200 billion, finance lease business has entered into 34 cities nationwide, "Rapid Loan" online self-service finance business sees a rapid development, which have strongly promoted sales of vehicles. In respect of industrial fund, SAIC Innovation and Development Fund has been set up, actively make strategic investment in the fields related to the "new four modernizations"; SAIC-Zhongyuan Fund of Funds has been set up, with a size of RMB 6 billion, market-oriented investment and financing capacity has been improved continuously. In respect of insurance business, SAIC Insurance Sales has accomplished a strategically covering of cooperation with top four domestic insurance companies, with over 1,000,000 insurance policies generated online through the year and UBI innovative insurance project based on user's driving behavior has been officially launched with trial operation started.
  8. Acceleration of international operation. SAIC Motor-CP's new plant in Thailand has been completed and put into operation, with the first overseas product of Internet of Vehicles, MG ZS successfully released in the market, and market reputation and sales volume remarkably improved. SAIC's Indonesian Base has been completed and put into operation, with the first product Confero S launched to the market. MG Indian Company has completed delivery of Halol factory, renovation of the plant and localization of products have been carried out. In 2017, the Company achieved 170,000 export and overseas sales of vehicles in total, a year-on-year increase of 31.8%, with export sales of vehicles staying topping the country.
  9. More vitality with innovated mechanism. Market-oriented incentive mechanisms for core teams of innovation business including E-commerce platform, equity investment, venture capital, new-energy R&D, and car sharing have been worked out and implemented. Seed fund has taken root and germinated, with effective seed creativity ideas hitting 564, of which 12 results realized transformation. Innovation communication platforms including innovation home for engineers, SAIC THINKER and innovation home for technicians have been boosted, contributing to a stronger atmosphere of innovation. After exploration, a customized benefit system for strategic technical talents relevant to intelligent driving and big data has been implemented. The Company has completed construction of the first batch of apartments for talent, kept improving attraction to talents, talents' cohesion and innovation vitality.
  10. Enhancement of brand image. The Company held the First Auto Frontrunner Summit, actively supported Shanghai to apply for the 46th World Skills Competition, continuously pushed forward cross-industry strategic cooperation with Shanghai SIPG Football Club, Shanghai Culture Square and Shanghai Media Group etc., kept to assist in love & care vehicles donation in various public welfare activities, which fully demonstrated SAIC Motor's image of "Responsible, Trustworthy, Pioneer and Innovative". Meanwhile, SAIC Motor sped up construction of its overseas brands, with SAIC Motor's self-owned brands exhibited in the international auto shows in London (GB), Thailand and Indonesia,

etc. The Company also successfully held activities such as overseas distributors' convention and Overseas Media's Visit to SAIC Motor, etc., with the brand MG entered into cooperation agreement with Colo-Colo Football Team (Club Social y Deportivo Colo-Colo) in Chile. SAIC was shortlisted for 2017 Global 50 Most Valuable Commercial Service Brand named by Brand Finance and awarded as 2017 CCTV China's Top Ten Listed Companies.

### (I) Analysis of principal businesses

#### Analysis on accounts changes in profit statement and cash flow statement

Unit: RMB

Items	2017	2016	Changes (%)
Operating income	857,977,717,906.64	746,234,636,304.31	14.97
Operating costs	742,382,412,287.81	650,214,770,441.51	14.17
Selling expenses	61,121,680,109.09	47,503,416,645.57	28.67
Administrative expenses	31,301,208,214.62	28,264,617,745.33	10.74
Financial expenses	143,234,567.86	-332,582,472.54	143.07
Net cash flow from operating activities	24,301,071,935.41	11,360,916,342.78	113.90
Net cash flow from investing activities	-10,911,784,541.42	26,435,179,821.08	-141.28
Net cash flow from financing activities	-491,078,280.57	-6,141,748,281.24	92.00
Research and development expenditures	11,062,043,124.82	9,408,710,888.38	17.57

Note:

1) The financial expenses increased by RMB 0.476 billion, a year-on-year increase of 143.07%, which is mainly due to (1) a year-on-year increase of interest expense arising from financial assets sold under repurchase agreements of SFC, a subsidiary of the Company; (2) a year-on-year increase of interest expense attributable to increase in the Company's long-term and short-term borrowings.

2) The net cash flow from operating activities increased by RMB 12.94 billion year on year, an increase of 113.90%, which is mainly attributable to the increase of SFC's customer deposits for the period.

3) The net cash flow from investing activities decreased by RMB 37.347 billion year on year, a decrease of 141.28%, which is mainly due to SFC's adjustments to investment strategy, increasing short-term asset allocation at the end of the period.

4) The net cash flow from financing activities increased by RMB 5.651 billion year on year, an increase of 92%, which is mainly due to cash receipts of fund raised by non-public offering of shares.

### 1. Income and cost analysis

√Applicable □N/A

Details are as follows:

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

Unit: RMB

By industry						
By industry	Operating income	Operating costs	Gross margin ratio (%)	Change of operating income (%)	Change of operating costs (%)	Change of gross margin ratio (%)
Automotive manufacturing	857,977,717,906.64	742,382,412,287.81	13.47	14.97	14.17	Increased by 0.60 percentage points
Financial services	12,661,709,093.43	2,829,421,213.39	77.65	24.39	29.51	Decreased by 0.89 percentage points
<b>Total</b>	<b>870,639,427,000.07</b>	<b>745,211,833,501.20</b>	<b>14.41</b>	<b>15.10</b>	<b>14.23</b>	<b>Increased by 0.66 percentage points</b>
By product						
By product	Operating income	Operating costs	Gross margin ratio (%)	Change of operating income (%)	Change of operating costs (%)	Change of gross margin ratio (%)
Vehicles	656,823,126,849.67	579,156,276,545.62	11.82	16.40	15.25	Increased by 0.87 percentage points
Parts	158,523,258,970.84	125,820,179,039.15	20.63	9.87	9.54	Increased by 0.23 percentage points
Trading	11,535,159,661.87	10,820,718,697.13	6.19	18.81	16.69	Increased by 1.70 percentage points
Service and others	31,096,172,424.26	26,585,238,005.91	14.51	11.31	12.81	Decreased by 1.13 percentage points
Finance	12,661,709,093.43	2,829,421,213.39	77.65	24.39	29.51	Decreased by 0.89 percentage points
<b>Total</b>	<b>870,639,427,000.07</b>	<b>745,211,833,501.20</b>	<b>14.41</b>	<b>15.10</b>	<b>14.23</b>	<b>Increased by 0.66 percentage points</b>

By region						
By geographical region	Operating income	Operating costs	Gross margin ratio (%)	Change of operating income (%)	Change of operating costs (%)	Change of gross margin ratio (%)
China	837,245,134,019.24	715,689,809,495.73	14.52	15.32	14.45	Increased by 0.65 percentage points
Others	33,394,292,980.83	29,522,024,005.48	11.60	9.89	9.06	Increased by 0.67 percentage points
<b>Total</b>	<b>870,639,427,000.07</b>	<b>745,211,833,501.20</b>	<b>14.41</b>	<b>15.10</b>	<b>14.23</b>	<b>Increased by 0.66 percentage points</b>

**Explanations for main businesses by industry, product or region:**

□Applicable √N/A

**(2). Analysis on production and sales volume**

√Applicable □N/A

Enterprises	Production (Volume)	Sales (Volume)	Inventories (Volume)	Change of Production Volume (%)	Change of Sales Volume (%)	Change in inventories (%)
SAIC VOLKSWAGEN	2,069,907	2,063,077	59,407	5.15	3.06	11.82
SAIC GM	2,005,500	2,000,187	53,684	6.89	5.99	13.96
SAIC Passenger Vehicle	538,027	522,036	29,025	67.89	62.27	119.85
SGMW	2,170,778	2,150,018	174,112	1.23	0.93	15.70
SAIC Maxus	71,569	71,117	4,052	51.64	54.19	12.56
Shanghai Sunwin	1,214	1,213	1	-39.51	-39.56	-75.00
IVECO Hongyan, SAIC-IVECO Hongyan	48,078	40,017	10,780	200.17	157.89	292.71
Nanjing Iveco	70,212	70,307	2,279	-4.49	-7.21	-9.53
SAIC Motor-CP	12,070	12,151	1,111	43.59	39.57	-6.95
<b>Total</b>	<b>6,987,355</b>	<b>6,930,123</b>	<b>334,451</b>	<b>8.22</b>	<b>6.80</b>	<b>22.07</b>

**(3). Cost analysis**

Unit: RMB

By Industry						
By industry	Items	2017	Proportion to total costs (%)	2016	Proportion to total costs (%)	Changes (%)
Automotive manufacturing	raw material, labor salaries and wages, depreciation, energy, etc.	742,382,412,287.81	99.62	650,214,770,441.51	99.67	14.17
Financial services	labor salaries and wages, depreciation, energy, etc.	2,829,421,213.39	0.38	2,184,643,638.71	0.33	29.51
<b>Total</b>		<b>745,211,833,501.20</b>	<b>100.00</b>	<b>652,399,414,080.22</b>	<b>100.00</b>	<b>14.23</b>
By Product						
By product	Items	2017	Proportion to total costs (%)	2016	Proportion to total costs (%)	Changes (%)
Vehicles	raw material, labor salaries and wages, depreciation, energy, etc.	579,156,276,545.62	77.72	502,515,928,898.24	77.03	15.25
Parts	raw material, labor salaries and wages, depreciation, energy, etc.	125,820,179,039.15	16.88	114,859,534,193.23	17.61	9.54
Trading	raw material, labor salaries and wages, depreciation, energy, etc.	10,820,718,697.13	1.45	9,272,742,731.13	1.42	16.69
Service and others	raw material, labor salaries and wages, depreciation, energy, etc.,	26,585,238,005.91	3.57	23,566,564,618.91	3.61	12.81
Finance	labor salaries and wages, depreciation, energy, etc.	2,829,421,213.39	0.38	2,184,643,638.71	0.33	29.51
<b>Total</b>		<b>745,211,833,501.20</b>	<b>100.00</b>	<b>652,399,414,080.22</b>	<b>100.00</b>	<b>14.23</b>

Explanations for other information of cost analysis:

Applicable N/A

#### (4). Major customers and suppliers

Applicable N/A

Turnover from top five customers amounts to RMB 82,528,795,400, accounting for 9.61% of the total annual turnover, of which the amount from related parties (based on the definition of the *Stock Listing Rules of the Shanghai Stock Exchange*) is RMB 0, accounting for 0% of the total annual turnover.

Purchase from top five suppliers' amounts to RMB 457,498,756,800, accounting for 61.63% of the total annual purchase amount, of which the amount from related parties (based on the definition of the *Stock Listing Rules of the Shanghai Stock Exchange*) is RMB 0, accounting for 0 % of the total annual purchase amount.

## 2. Expenses

Applicable N/A

Unit: RMB

Items	2017	2016	Changes%
Selling expenses	61,121,680,109.09	47,503,416,645.57	28.67
Administrative expenses	31,301,208,214.62	28,264,617,745.33	10.74
Financial expenses	143,234,567.86	-332,582,472.54	143.07
Income tax expenses	7,144,915,087.15	6,530,495,764.20	9.41

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

## 3. Research and development expenditures

### Research and development ("R&D") expenditures

Applicable N/A

Unit: RMB

R&D investments expensed in the current period	11,062,043,124.82
R&D investments capitalized in the current period	0.00
Total R&D expenditures	11,062,043,124.82
Proportion of R&D expenditures to operating income (%)	1.29
Headcount of R &D personnel	24,858
Proportion of R&D headcount to total employee headcount (%)	10.9
Proportion of capitalization of R&D expenditures (%)	0.00

### Explanations

Applicable N/A

## 4. Cash flow

Applicable N/A

Unit: RMB

Items	2017	2016	Changes%
Net cash flow from operating activities	24,301,071,935.41	11,360,916,342.78	113.90
Net cash flow from investing activities	-10,911,784,541.42	26,435,179,821.08	-141.28
Net cash flow from financing activities	-491,078,280.57	-6,141,748,281.24	92.00

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

## (II) Significant changes on profit arising from non-principal business

Applicable N/A

**(III) Analysis of assets and liabilities**

√Applicable □N/A

**1. Assets and liabilities**

Unit: RMB

Items	Amount December 31, 2017	Proportion to total assets (%) December 31, 2017	Amount December 31, 2016	Proportion to total assets (%) December 31, 2016	Changes (%)
Financial assets at fair value through profit or loss	4,795,191,451.72	0.66	1,559,753,224.57	0.26	207.43
Prepayments	29,835,194,963.01	4.12	20,529,658,025.70	3.48	45.33
Inventories	50,041,764,931.61	6.92	37,039,781,805.92	6.27	35.10
Loans and advances	78,577,101,273.22	10.86	46,220,053,713.07	7.82	70.01
Long-term receivables	3,976,345,463.86	0.55	1,957,243,976.67	0.33	103.16
Short-term borrowings	15,717,398,963.92	2.17	8,728,150,584.10	1.48	80.08
Customer deposits and deposits from banks and other financial institutions	70,485,676,399.08	9.74	43,041,468,926.22	7.29	63.76
Notes payable	16,541,420,529.40	2.29	11,740,912,162.92	1.99	40.89
Other payables	59,041,743,593.18	8.16	45,367,724,182.38	7.68	30.14
Non-current liabilities due within one year	16,936,763,752.55	2.34	8,673,620,748.14	1.47	95.27
Long-term borrowings	6,894,020,462.22	0.95	4,285,992,305.58	0.73	60.85
Bonds payable	7,071,853,349.24	0.98	14,160,128,076.50	2.40	-50.06
Deferred income.	23,246,470,930.92	3.21	17,836,094,586.61	3.02	30.33

**Others**

- 1) The balance of financial assets at fair value through profit or loss increased by RMB 3.235 billion compared with opening balance, mainly due to the Company's purchase of financial products including bonds and funds.
- 2) The balance of prepayments increases by RMB 9.306 billion compared with opening balance, mainly due to increase in advances for vehicles purchase arising from increase in sales volume.
- 3) The balance of inventories increased by RMB 13.002 billion compared with opening balance, mainly due to increase in vehicles and raw materials of the Company.
- 4) The balance of loans and advances increased by RMB 32.357 billion compared with opening balance, mainly due to the additional medium-term and long-term individual automotive consumption loans from SFC, a subsidiary of the Company.
- 5) The balance of long-term receivables increased by RMB 2.019 billion compared with opening balance, mainly due to the increase in finance lease receivables arising from the business scale expansion of ANJI Leasing Co., Ltd.
- 6) The balance of short-term borrowings increased by RMB 6.989 billion compared with opening balance, mainly due to new borrowings to the Company for the needs of business development.
- 7) The balance of customer deposits and deposits from banks and other financial institutions increased by RMB 27.444 billion opening balance, mainly due to increase in customer deposits of SFC, a subsidiary of the Company.
- 8) The balance of notes payable increased by RMB 4.801 billion compared with opening balance, mainly due to increased notes payable based on the Company's business expansion.
- 9) The balance of other payables increased by RMB 13.674 billion compared with opening balance, mainly due to increase in the sales volume of the Company for the period and bigger promotion for sales with corresponding increased sales commission and discounts.
- 10) The balance of non-current liabilities due within one year increased by RMB 8.263 billion compared with opening balance, mainly due to certain asset-backed securities and long-term borrowings successively falling due within one year and transferred to non-current liabilities due within one year.
- 11) The balance of long-term borrowings increased by RMB 2.608 billion compared with opening balance, mainly due to increased long-term borrowings for business expansion of ANJI Leasing Co., Ltd., a subsidiary of the Company.
- 12) The balance of bonds payable decreased by RMB 7.088 billion compared with opening balance, mainly due to (1) the Company's repayment of asset-backed securities due in the current period; (2) the Company's certain asset-backed securities successively falling due within one year and transferred to non-current liabilities due within one year.
- 13) The balance of deferred income increased by RMB 5.41 billion compared with opening balance, mainly due to the increased receipts of interest in advance of SFC, a subsidiary of the Company.



**2. Restriction of significant assets as of December 31, 2017**

√Applicable □N/A

Please refer to Note (VIII) 84 to the financial statements for details.

**3. Others**

□Applicable √N/A

**(IV) Analysis on operational data in automotive industry**

√Applicable □N/A

Details are as follows:

**Analysis of operation data for automotive manufacturer****1. Production capacity**

√Applicable □N/A

**Existing production capacity**

√Applicable □N/A

Unit: 0'000 (vehicles)

Major manufactures	Designed production capacity	Production capacity in the period	Utilization rate (%)
SAIC VOLKSWAGEN	178.8	207.0	116
SAIC GM	190.8	200.6	105
SAIC Passenger Vehicle	56.0	53.8	96
SGMW	176.0	217.1	123
SAIC Maxus (Note)	32.5	11.0	34
Shanghai Sunwin	0.2	0.1	50
IVECO Hongyan, SAIC – IVECO Hongyan	4.0	4.8	120
Nanjing Iveco (Note)	6.0	3.2	53
SAIC Motor-CP	2.4	1.2	50
SAIC-GM-WULING MOTOR INDONESIA	6.0	-	-

Note: The Company's wholly-owned subsidiary, SAIC Maxus Vehicle Co., Ltd. acquired business of Yuejin Motor from Nanjing Iveco Automobile Co., Ltd., the designed production capacity and data of production capacity during the reporting period has been adjusted retrospectively accordingly.

**Capacity under construction**

√Applicable □N/A

Unit: 0'000RMB

Workshop under construction	Planned investment	Amount invested in the period	Accumulated investment	Estimated completion date	Estimated capacity
Capacity Improvement project of Anting No.2 Plant of SAIC VOLKSWAGEN	470,000	97,521	360,749	2018	240,000
SAIC Passenger Vehicle Zhengzhou Base, Phase I	252,078	126,292	126,292	2018	120,000
SAIC-Motor-CP Thailand New Plant	145,600	103,891	104,440	2018	40,000
MG Indian Plant	50,113	33,464	33,464	2019	56,000

**Capacity calculation criteria**

√Applicable □N/A

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

**2. Sales and production of vehicles**

√Applicable □N/A

**By vehicle type**

√Applicable □N/A

Categories	Sales (Volume)			Production (Volume)		
	2017	2016	Changes (%)	2017	2016	Changes (%)
Car	3,386,044	3,302,670	2.52	3,417,808	3,270,923	4.49
SUV	1,768,437	1,179,354	49.95	1,802,529	1,174,869	53.42
MPV	1,033,297	1,184,416	-12.76	1,022,798	1,187,526	-13.87
Cross passenger car	336,478	450,008	-25.23	329,027	441,271	-25.44
Passenger car	60,151	66,206	-9.15	59,506	66,653	-10.72
Truck	345,716	306,213	12.90	355,687	315,557	12.72
<b>Total</b>	<b>6,930,123</b>	<b>6,488,867</b>	<b>6.80</b>	<b>6,987,355</b>	<b>6,456,799</b>	<b>8.22</b>

**By region**

√Applicable □N/A

Categories	Sales in domestic market (Volume)			Sales in overseas market (Volume)		
	2017	2016	Changes (%)	2017	2016	Changes (%)
Car	3,291,018	3,249,702	1.27	95,026	52,968	79.40
SUV	1,726,243	1,129,591	52.82	42,194	49,763	-15.21
MPV	1,019,229	1,177,794	-13.46	14,068	6,622	112.44
Cross passenger car	326,921	438,204	-25.40	9,557	11,804	-19.04
Passenger car	56,392	61,119	-7.73	3,759	5,087	-26.11
Truck	339,948	303,226	12.11	5,768	2,987	93.10
<b>Total</b>	<b>6,759,751</b>	<b>6,359,636</b>	<b>6.29</b>	<b>170,372</b>	<b>129,231</b>	<b>31.84</b>

**3. Sales and production of auto parts**

□Applicable √N/A

The Company's businesses of auto parts are mainly operated by HASCO (security code: 600741), a subsidiary controlled by the Company. Details of its business in 2017 refer to the annual report 2017 published on [www.sse.com.cn](http://www.sse.com.cn) by HASCO (600741).

**4. New energy vehicles**

√Applicable □N/A

**Production capacity of new energy vehicle**

√Applicable □N/A

Major workshops	Designed production capacity (Volume)	Production capacity in the period (Volume)	Utilization rate (%)
SAIC Passenger Vehicle	-	43,117	-
SAIC Maxus	-	3,871	-
Shanghai Sunwin	-	501	-
SGMW	-	13,287	-
SAIC GM	-	5,720	-
Nanjing Iveco	-	1,925	-

**Sales and production of new energy vehicles**

√Applicable □N/A

Categories	Sales (Volume)			Production (Volume)		
	2017	2017	Changes (%)	2017	2017	Changes (%)
Blade electric passenger vehicles	21,935	1,556	1,310	23,953	1,459	1,542
Blade electric commercial vehicles	6,145	5,030	22	6,125	4,928	24
Plug-in hybrid electric passenger vehicles	36,269	18,539	96	38,223	20,320	88
Plug-in hybrid electric commercial vehicles	22	30	-27	22	30	-27
Commercial vehicles using fuel cells	85	0	-	98	0	-
<b>Total</b>	<b>64,456</b>	<b>25,155</b>	<b>156</b>	<b>68,421</b>	<b>26,737</b>	<b>156</b>

**Income and subsidies of new energy vehicles**

√Applicable □N/A

Unit: RMB 0'000

Categories	Revenues	Subsidy for new energy vehicles	Proportion of subsidy to revenue (%)
Blade electric passenger vehicles	259,674	97,112	37
Blade electric commercial vehicles	206,574	71,840	35
Plug-in hybrid electric passenger vehicles	732,758	92,334	13
Plug-in hybrid electric commercial vehicles	2,284	330	14
Commercial vehicles using fuel cells	11,090	6,770	61

**5. Others**

□Applicable √N/A

**(V) Investment Analysis****1. General analysis on equity investment**

√Applicable □N/A

The Company is an automotive manufacturing enterprise with an extensive business layout and various types of investments. Only regarding the long-term equity investment, at the end of the reporting period, balance of the Company's long-term equity investment was RMB 67.5 billion, an increase of 7.73%. Details of various investments are set out in the notes to the annual report.

**(1) Significant equity investment**

□Applicable √N/A

**(2) Significant non-equity investment**

□Applicable √N/A

**(3) Financial assets at fair value**

√Applicable □N/A

Unit: RMB

Items	2016	2017	Changes	Effects on profits of the year
Financial assets at fair value through profit or loss	1,559,753,224.57	4,795,191,451.72	3,235,438,227.15	-9,800,710.24
Available-for-sale financial assets	50,484,749,497.34	64,368,156,943.26	13,883,407,445.92	
Financial liabilities at fair value through profit or loss		203,623,811.66	203,623,811.66	5,464,952.23
<b>Total</b>	<b>52,044,502,721.91</b>	<b>69,366,972,206.64</b>	<b>17,322,469,484.73</b>	<b>-4,335,758.01</b>

**(VI) Significant disposal of assets and equity**

□Applicable √N/A

**(VII) Analysis of major invested companies with controlling shareholding and minority shareholding**

√Applicable □N/A

Unit: RMB 0'000

Company name	Business nature	Main products or services	Registered capital	Total assets	Net assets attributable to owners of the company	Total revenue	Net profit attributable to owners of the company
SAIC VOLKSWAGEN	Manufacturing	Manufacturing and sales of vehicles	1,150,000	13,934,371.33	4,334,896.94	25,619,896.89	2,672,426.76
SAIC GM	Manufacturing	Manufacturing and sales of vehicles	USD108,300	11,102,377.14	3,023,527.89	22,806,407.02	1,542,076.69
SGMW	Manufacturing	Manufacturing and sales of vehicles	166,808	5,377,522.95	1,074,465.80	10,551,019.98	533,232.27
HASCO	Manufacturing	Manufacturing and sales of auto-parts	315,272	12,337,262.65	4,128,355.94	14,048,725.05	655,392.29
SFC	Finance	Financial service	1,038,000	27,296,890.73	2,246,086.26	1,407,405.59	391,983.65

**(VIII) Structured entities controlled by the Company**

√Applicable □N/A

**III. Discussion and analysis on future development of the Company****(I) Industry competitive landscape and development trend**

√Applicable □N/A

In recent years, progress in science and technology, evolution of market and changes in the industry are having profound impact on the automobile industry at home and abroad. On the technology level, along with constant breakthroughs in significant technologies including internet, big data, artificial intelligence, new energy and new materials, forms of automobile products will be redefined, automotive manufacturing will go through a profound change and the automobile industrial chain faces a reorganization. On the market level, the global automobile market sees a slight increase as a whole, the emerging market, especially countries along the Belt and Road route becomes a new growth driver. The total volume of the domestic automobile market keeps expanding, with increasingly obvious features of development such as relatively slower growth rate, optimized quality structure and upgraded service experiences. On the industrial level, the new four modernizations becomes new trend of development of the industry, multi-national companies accelerate innovation and cross-industry rivals rush in one after another. At the same time, as the acceleration of connection between the internet and the entity economy, and the gradual rising of new generation consumers, the integration of automobile products and services accelerates, the emergence of the new business model accelerates to spring up and the automobile industry is re-patterning its format.

It is estimated that the domestic sales of vehicles in 2018 will reach 29.60-30 million units, increase by 1.7%-3.1%, including approximately 25.70-26 million units of passenger vehicles with a year-on-year increase of 3.4%-4.6%, and 3.90-4 million units of commercial vehicles with a year-on-year decrease of 8.3%-5.9%.

**(II) The Company's development strategy**

√Applicable □N/A

The Company will firmly grasp the major orientation of progress in science and technology, the bigger picture of market evolution, the general trend of changes in the industry, actively aim at the new four modernizations of the automobile industry, adhere to be led by innovation, break through focal points, lead an area by point, promote step by step, comprehensively and profoundly integrate the internet technology and strive to improve quality of product and services.

On the research and development end, the Company focuses on breaking through key technologies including new energy, internet, and intelligence and keeps creating technical advantages. On the manufacturing end, the Company accelerates digitalized and customized manufacturing method and unceasingly steps towards high-class manufacturing and intelligent manufacturing. On the user's end, the Company focuses on breaking through new business models including mobility platform, intelligent logistics and financial services and keeps opening up new space for transformation and development. On the market end, the Company provides capacity to expand domestic and international markets with advantages in innovative technology and services, and keeps improving brand competitiveness and international influence, presenting an internationalized new SAIC with more innovative vitality and technology charisma.

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

**(III) Business plan**

√Applicable □N/A

In 2018, the Company will fully carry out the spirit of the 19th Session of National Congress of the Communist Party of China (NCCPC), guided by President Xi Jinping's thought on socialism with Chinese's characteristics for a new era, adhere to work keynote of sought for improvement on a steady basis and sought for newness on a basis of improvement, strive to work hard on improving quality of development and optimizing structure of growth and further turn the advantage in innovation into a market success. The Company will keep aiming at the orientation of new four modernizations, deepen the business synergy, resources sharing, integration of the industry and finance, data integration, and keep seeking for new breakthroughs in differentiation and accelerate the construction of mobility service platform and strive to establish mobility service ecology with close integration of products and services based on integration and development of four modernizations. The Company strives to achieve an annual sales of 7.255 million vehicles. The Company has expected a total operating income of RMB 911.5 billion and a total operating cost of RMB 779.3 billion for the year 2018.

In 2018, the Company's major operating tasks are 1) to grasp the trend of consumption upgrading, focus on the orientation of "new four modernizations", make self-owned brands better and stronger and push joint-venture cooperation to a higher level; 2) to actively explore re-differentiation development of new four modernizations, keep improving layout of forward-looking fields and lead SAIC's innovation strategy to be implemented deeply and profoundly; 3) to establish a service ecological framework of SAIC, further resource synergy, accelerate to improve the ecological layout of the services and mobility; 4) to develop financial business actively, keep deepen the integration of the industry and finance, focusing on the establishment of financial services ecology, speeding up the realization of breakthroughs in innovation; 5) to accelerate to expand the scale of overseas sales volume, improve an international operating system, adhere to the strategy of low cost operation and differentiated competitiveness, and improve comprehensive business capability; 6) to strengthen the construction of safety and environmental protection system, deepen quality improvements and keep improving basic management capabilities regarding talents development and internal controls; 7) to keep deepen the reform towards market-oriented mechanism to further motivate staff's in their work and innovation; 8) in consideration of brand building, to strengthen market value management and keep to demonstrate SAIC's new image of innovation and transformation to the market and the public.

**(IV) Potential risks**

√Applicable □N/A

Major risks the Company may be exposed are as follows: 1) due to risk of uncertainty in the macro-economy, especially under the background of "Risk prevention, deleveraging", the monetary policy is tightened in substance, with fiscal stimulus weakened, therefore, the growth of macro-economy may tend to be slow though steady; 2) the domestic automobile market will return to be driven by internal impetus instead of policy incentive, with passenger vehicle market for 1.6 L and smaller-volume products influenced by the removal of purchase tax preferential policy and consumption upgrading, such vehicles' sales volume and market share may continue to fall. While for the commercial vehicle market, stimulus effect of overloading management of heavy trucks and environmental upgrading etc. is gradually weakened, facing a higher stress of falling; 3) in the process of innovation and transformation of the automobile industry, there exist uncertainties for the specific implementation paths, while cross-industry integration of technologies is even more complicated, the borders of industries tend to be blurred. Therefore, difficulties and challenges cannot be ignored.

**(V) Others**

□Applicable √N/A

**IV. Explanation for conditions and reasons for undisclosed due to regulations or other special reasons**

□Applicable √N/A

## Section V Important Events

### I. Ordinary shares distribution or preliminary proposal for capitalization of capital reserve

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

Applicable N/A

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

During the reporting period, the Company completed the profit distribution of year 2016. The profit distribution policies comply with the requirements of Article of Association of the Company and the approval process, which has fully protected the interests of investors.

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

Unit: RMB

Year	Stock dividend per 10 shares (shares)	Cash dividend per 10 shares (RMB) (inclusive of tax)	Capital reserve transferred into share capital per 10 shares (share)	Amount of cash dividend (inclusive of tax)	Net profit attributable to shareholders of the Company in consolidated financial statements for the year of dividend distribution	Proportion of net profit attributable to the Company in consolidated financial statements (%)
2017	0	18.30	0	21,380,734,297.95	34,410,339,492.71	62.13
2016	0	16.50	0	19,277,711,252.25	32,005,700,516.10	60.23
2015	0	13.60	0	14,994,770,615.44	29,793,790,723.65	50.33

**(III) Particulars of repurchase of shares in cash offer recognized in cash dividends**

Applicable N/A

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

Applicable N/A

**II. Performance on commitment matters****(I) Commitments of controlling shareholder, shareholders, related parties, acquirer, companies or others relating to commitments in or sustain to the reporting period**

Applicable N/A

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

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

Achieved Not achieved N/A



**III. Funds occupation and settlement during the reporting period**

Applicable N/A

**IV. Explanations on "Non-standard Auditors' Report" issued by certified public accountants**

Applicable N/A

**V. Analysis and explanation of the Company for reasons and effects of accounting policy and estimation change and significant accounting mistakes correction****(I) Analysis and explanation of the Company for reasons and effects of accounting policy and estimation change**

Applicable N/A

*Accounting Standards for Business Enterprises No.42 Held-for-sale Non-current Assets and Disposal Groups and Discontinued Operations* was issued by Ministry of Finance ("MoF") on April 28, 2017, and the *Accounting Standards for Business Enterprises No.16 - Government Grants* was revised by MoF on May 10, 2017, and *Notice of the Revised Format of Financial Statements for General Business Enterprise* (Cai Kuai (2017) No. 30) was released by the MoF on December 25, 2017. The Company has made corresponding changes to original accounting policies and adjustments to presentation of financial statements, and has implemented above accounting standards since the date prescribed as above.

*1. Accounting Standards for Business Enterprises No.42 Held-for-sale Non-current Assets and Disposal Groups and Discontinued Operations*

The change of the accounting policy only involves the adjustment of accounts in the financial statements, which does not affect the profit or loss for the period, nor does it involve the retrospective adjustment of the financial statements of the prior year. No transactions subject to the above accounting standard were incurred by as of December 31, 2017.

*2. Accounting Standards for Business Enterprises No.16 - Government Grants*

The change of the accounting policy only involves the adjustment of accounts of income statements, which does not affect the profit or loss for the period, nor does it involve the retrospective adjustment of the financial statements of the prior year. The amount of "other income" in consolidated income statements was RMB 2,024,571,903.91.

*3. Notice of the Revised Format of Financial Statements for General Business Enterprise* (Cai Kuai (2017) No. 30)

The change of the accounting policy only involves the adjustment to assets disposal income, non-operating income and non-operating expenses in the income statement, which does not affect the profit or loss for the period, and the comparative figures of the prior year has been adjusted.

**(II) Analysis and explanation of the Company for reasons and effect of significant accounting mistakes correction**

Applicable N/A

**(III) Communication with the previous accounting firms**

Applicable N/A

**(IV) Others**

Applicable N/A

**VI. Appointment and dismissal of certified public accountants**

Unit: RMB 0'000

	Current auditor
Domestic certified public accountants	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration paid to domestic certified public accountants	910
Audit period of domestic certified public accountants	12 years

Unit: RMB 0'000

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

Explanations on the appointment and dismissal of certified public accountants

Applicable N/A

Explanations on changing the Certified Public Accountants during the audit period.

Applicable N/A

**VII. Risk exposure to the suspension of listing****(I) Reasons to explain the suspension of listing**

Applicable N/A

**(II) Measures adopted by the Company to resume listing**

Applicable N/A

**VIII. Events that the listing of shares shall be terminated and relevant explanation**

Applicable N/A

**IX. Bankruptcy and reorganization**

Applicable N/A

**X. Significant lawsuit and arbitration**

Significant lawsuits and arbitrations for the year  No significant lawsuits and arbitrations for the year

**XI. Penalty and rectification of the Company and its directors, supervisors, senior management, controlling shareholders, actual controllers and acquirers**

Applicable N/A

**XII. Explanations on credit issue of the Company and its controlling shareholders and actual controllers during the reporting period.**

Applicable N/A

During the reporting period, the Company and its controlling shareholders, and actual controllers have solid credit ratings.

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

Applicable N/A

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

Share option incentive scheme

Applicable N/A

Others

Applicable N/A**Employee stock ownership plan**Applicable N/A

In order to accelerate the development of innovation-driven development strategy, and the transformation and upgrading, create a world-famous automobile company with innovative spirit, SAIC Motor Corporation Limited has raised RMB 15 billion through non-public offering of stocks in the domestic A-share market, which shall be invested in project such as new energy vehicles, internet cars, intelligent automotive services and automotive finance. In the meanwhile, for the purpose of facilitating the smooth implementation of non-public offering of stocks, further mobilizing the enthusiasm, initiative, and creativity of core staff and building common interest of the Company and core staff, the Company implements core staff shareholding plan while non-public offering of shares is carried out. Core staff are mainly leadership of SAIC Motor (including board director, directors, supervisors and senior executives), leadership of affiliated companies and key staff (including R&D staff, management staff and operating staff who have direct or significant influence on the business performance and sustainable development of the Company).

On January 19, 2017, the Company non-publicly issued 657,894,736 A-shares at a price of RMB 22.80 per share through market bidding and legal procedures. After the issuance, the Company has 11,683,461,365 shares in issue in total. The number of shares subscribed under core staff shareholding plan is 48,449,561 shares, which accounts for 0.41% of the total share capital of the Company after the issuance, and the subscription amount is RMB 1.10465 billion. According to final subscription record, there are 2207 staff participated in the core staff shareholding plan, 14 of which are directors, supervisors and senior executives. Core staff shareholding plan formed an investment portfolio through special pension insurance management product, and participated in the non-public offering of shares of SAIC Motor in the name of core staff shareholding plan. Changjiang Pension Insurance Co., Ltd. is entrusted to manage this product.

Through core staff shareholding plan, a long-term incentive and restraint mechanism, where benefits, risks and responsibilities are shared and businesses are jointly created by staff and shareholders, has been formed. It will increase the cohesion of the staff and the competitiveness of the Company, further enhance corporate governance, and consolidate the foundation for the long-term sustainable development. Through the joint efforts of the management and the staff, the determination and confidence of the Company in driving innovation, transformation and upgrading will be demonstrated.

**Other incentive measures**Applicable N/A

In order to support the innovation and transformation of the Company and achieve sustainable development, the Company has formulated a new round of Incentive Fund Plan of SAIC Motor Corporation Limited, which shall be implemented from 2017 to 2020. Please refer to the Company's announcement published on the Shanghai Stock Exchange on May 17, 2017 for details.

**XIV Significant related party transactions of the Company during the reporting period****(I). Significant related party transactions related to daily operations****1. Events that have been disclosed in the temporary announcement but have no progress or change subsequently**Applicable N/A

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

Applicable N/A

**3. Events that not been disclosed in the temporary announcement**

Applicable N/A

**(II). Significant related party transactions related to assets or equity acquisition and disposal**

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

Applicable N/A

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

Applicable N/A

**3. Events that not been disclosed in the temporary announcement**

Applicable N/A

**4. Performance achievement events involving performance convention in reporting period which should be disclosed**

Applicable N/A

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

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

Applicable N/A

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

Applicable N/A

**3. Events that not been disclosed in the temporary announcement**

Applicable N/A

**(IV) Balances due from/to related parties**

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

Applicable N/A

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

Applicable N/A

**3. Events that not been disclosed in the temporary announcement**

Applicable N/A

**(V) Others**

Applicable N/A

**XV Significant contracts and implementation**

**(I) Trusteeship, contracting and leasing**

**1. Trusteeship**

Applicable N/A

**2. Contracting**

□Applicable √N/A

**3. Leasing**

□Applicable √N/A

**(II) Guarantee**

√Applicable □N/A

Unit: RMB 0'000

General information of guarantee (except guarantee provided for subsidiaries)												
Guarantor	Relationship	Guarantee	Amount of guarantee	Signed date of guarantee	Starting date of guarantee	Ending date of guarantee	Type of guarantee	Completion of guarantee	Overdue of guarantee	Overdue amount of guarantee	Counter guarantee	Related party guarantee
HUAYU Automotive Systems Co., Ltd.	Controlled subsidiary	HUAYU KS Alu Tech GmbH	15,604.60	2017/7/1	2017/7/1	2018/6/30	Joint and several liability guarantee	No	No	-	No	No
Total amount of guarantee incurred during the reporting period (except guarantee provided for subsidiaries)						15,604.60						
Total balance of guarantee at the end of the reporting period(A) (except guarantee provided for subsidiaries)						6,964.22						
Guarantee provided for subsidiaries from the Company and its subsidiaries.												
Total amount of guarantees provided for subsidiaries during the reporting period						176,766.90						
Total balance of guarantees provided for subsidiaries at the end of the reporting period(B)						452,657.87						
Total amount of guarantees provided (including guarantee provided for subsidiaries)												
Total amount of guarantees provided (A and B)						459,622.09						
Ratio of total amount of guarantee against net assets - (%)						2.04						
Including:												
Amount of guarantee provided for shareholders, actual controller and its related parties (C)						-						
Direct or indirect debt guarantees provided for guaranteed parties whose asset-liability ratio exceeds 70% (D)						406,154.90						
Amount of total amount exceeding 50% of net assets (E)						-						
Total amount of guarantee above (C, D and E)						406,154.90						
Statement for joint liability of undue guarantee						N/A						
Information of guarantee						N/A						

**(III) Cash asset management by others under entrustment****1. Entrusted financing****(1). Entrusted financing**

□Applicable √N/A

**Others**

□Applicable √N/A

**(2) Single entrusted financing**

□Applicable √N/A

**Others**

□Applicable √N/A

**(3) Provision for impairment of entrusted financing**

□Applicable √N/A

**2. Entrusted loans****(1) Entrusted loans**

√Applicable □N/A

Unit: RMB 0'000

Type	Source of fund	Amount incurred	Undue balance	Amount due but not collected
Entrusted loans	Self-owned funds	392,244	1,400,742	-

**Others**

□Applicable √N/A

SAIC MOTOR ANNUAL REPORT 2017

(2). Single entrusted loans

√Applicable □N/A

Unit: RMB 0'000

Trustee	Type	Amount	Inception date	Maturity date	Source of fund	Usage of fund	Method of compensation payment	Annual yield	Actual gains or losses	If under statutory procedure
SAIC Maxus Vehicle Co., Ltd	Entrusted loans	15,000	04. 23. 2015	04. 22. 2018	Self-owned funds	Working capital	As per agreement	3.25%	487.50	Yes
SAIC Maxus Vehicle Co., Ltd	Entrusted loans	20,000	05. 21. 2015	05. 20. 2018	Self-owned funds	Working capital	As per agreement	3.25%	650.00	Yes
SAIC Maxus Vehicle Co., Ltd	Entrusted loans	30,000	06. 06. 2017	06. 05. 2018	Self-owned funds	Working capital	As per agreement	2.75%	478.96	Yes
SAIC Maxus Vehicle Co., Ltd	Entrusted loans	30,000	07. 20. 2017	07. 19. 2018	Self-owned funds	Working capital	As per agreement	2.75%	378.13	Yes
SAIC Maxus Vehicle Co., Ltd	Entrusted loans	35,000	08. 04. 2017	08. 03. 2018	Self-owned funds	Working capital	As per agreement	2.75%	401.04	Yes
SAIC Maxus Vehicle Co., Ltd	Entrusted loans	20,000	09. 14. 2017	09. 13. 2018	Self-owned funds	Working capital	As per agreement	1.50%	90.83	Yes
SAIC Maxus Vehicle Co., Ltd	Entrusted loans	10,000	10. 10. 2017	10. 09. 2018	Self-owned funds	Working capital	As per agreement	1.50%	34.58	Yes
Nanjing Automobile (Group) Corporation	Entrusted loans	10,000	02. 23. 2017	02. 22. 2018	Self-owned funds	Working capital	As per agreement	1.00%	86.67	Yes
Nanjing Automobile (Group) Corporation	Entrusted loans	50,000	01. 03. 2017	01. 02. 2018	Self-owned funds	Working capital	As per agreement	1.00%	504.17	Yes
Shanghai Sunwin Bus Co., Ltd.	Entrusted loans	25,000	02. 15. 2017	02. 14. 2018	Self-owned funds	Working capital	As per agreement	1.00%	222.22	Yes
Shanghai Sunwin Bus Co., Ltd.	Entrusted loans	15,000	04. 10. 2017	04. 09. 2018	Self-owned funds	Working capital	As per agreement	1.00%	110.83	Yes
Shanghai Sunwin Bus Co., Ltd.	Entrusted loans	12,500	05. 05. 2017	05. 04. 2018	Self-owned funds	Working capital	As per agreement	1.00%	83.68	Yes
SAIC Motor Transmission Co., Ltd.	Entrusted loans	80,000	04. 28. 2015	04. 27. 2018	Self-owned funds	Working capital	As per agreement	3.25%	2,600.00	Yes
SAIC Motor Equity Investment Co., Ltd.	Entrusted loans	45,000	03. 20. 2015	09. 19. 2018	Self-owned funds	Working capital	As per agreement	2.00%	900.00	Yes
Shanghai ShangyuanInvestment Management Co., Ltd.	Entrusted loans	3,300	11. 08. 2017	11. 07. 2018	Self-owned funds	Working capital	As per agreement	2.18%	10.77	Yes
SAIC Activity Centre Co. Ltd.	Entrusted loans	3,839	09. 28. 2015	09. 27. 2018	Self-owned funds	Working capital	As per agreement	0.00%	-	Yes
Shanghai Shanghong Real Estate Co., Ltd.	Entrusted loans	54,000	12. 24. 2015	12. 23. 2020	Self-owned funds	Working capital	As per agreement	3.00%	1,620.00	Yes
Yizheng Automotive Industry Park Investment & Development Service Center	Entrusted loans	2,000	12. 17. 2017	12. 17. 2018	Self-owned funds	Working capital	As per agreement	1.00%	0.83	Yes
Yizheng Automotive Industry Park Investment & Development Service Center	Entrusted loans	2,000	12. 17. 2017	12. 17. 2018	Self-owned funds	Working capital	As per agreement	1.50%	1.25	Yes
Shanghai Automotive International Trade Co. Ltd.	Entrusted loans	13,200	10. 09. 2017	10. 08. 2018	Self-owned funds	Working capital	As per agreement	2.00%	61.60	Yes
SAIC-IVECO Hongyan Commercial Vehicle Co., Ltd	Entrusted loans	21,568	2017.11.27	11. 26. 2018	Self-owned funds	Working capital	As per agreement	4.35%	91.21	Yes
SAIC-IVECO Hongyan Commercial Vehicle Co., Ltd	Entrusted loans	16,176	12. 05. 2017	12. 04. 2018	Self-owned funds	Working capital	As per agreement	4.35%	52.77	Yes
SAIC Motor HK Investment Ltd.	Entrusted loans	40,000	02. 08. 2017	02. 28. 2022	Self-owned funds	Working capital	As per agreement	1.50%	545.00	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 35,980	05. 19. 2015	04. 30. 2025	Self-owned funds	Working capital	As per agreement	0.30%	USD 107.94	
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 12,000	09. 19. 2014	09. 11. 2024	Self-owned funds	Working capital	As per agreement	0.30%	USD 36.00	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 3,000	09. 19. 2014	09. 11. 2024	Self-owned funds	Working capital	As per agreement	3.00%	USD 90.00	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 7,000	01. 28. 2015	01. 28. 2025	Self-owned funds	Working capital	As per agreement	0.30%	USD 21.00	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 8,000	01. 29. 2015	01. 29. 2025	Self-owned funds	Working capital	As per agreement	0.30%	USD 24.00	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 10,000	01. 30. 2015	01. 30. 2025	Self-owned funds	Working capital	As per agreement	0.30%	USD 30.00	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 20,000	06. 29. 2016	06. 29. 2026	Self-owned funds	Working capital	As per agreement	0.30%	USD 60.00	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 10,000	07. 08. 2016	07. 08. 2026	Self-owned funds	Working capital	As per agreement	0.30%	USD 30.00	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 10,000	08. 03. 2016	08. 03. 2026	Self-owned funds	Working capital	As per agreement	0.30%	USD 30.00	Yes
SAIC HK Investment Co., Ltd.	Entrusted loans	USD 10,000	10. 11. 2016	10. 11. 2026	Self-owned funds	Working capital	As per agreement	0.30%	USD 30.00	Yes
SAIC Europe	Entrusted loans	USD 3,670	09. 07. 2016	09.07. 2021	Self-owned funds	Working capital	As per agreement	1.00%	USD 36.70	Yes

**Others**

Applicable N/A

**(3). Provision for impairment of entrusted loans**

Applicable N/A

**3. Others**

Applicable N/A

**(IV) Other significant contracts**

Applicable N/A

**XVI. Explanations on other significant matters**

Applicable N/A

**XVII Active fulfilment of social responsibility****(I) Poverty alleviation by listed companies**

Applicable N/A

The Company and its affiliated companies actively responded to the government's demand for a "Targeted Poverty Alleviation" battle and carried out poverty alleviation centering on industry, employment, education and health. According to incomplete statistics, the Company and its affiliated companies actively participated in all kinds of social welfare undertakings and donated money and things equivalent to RMB 30 million in 2017. Refer to the Company's 2017 Social Responsibility Report (announced in [www.sse.com.cn](http://www.sse.com.cn)) for details.

**(II) Achievement of fulfilling social responsibility**

Applicable N/A

Details refer to the Company's 2017 Social Responsibility Report (announced in [www.sse.com.cn](http://www.sse.com.cn)).

**(III) Environmental information****1. Environment protection of companies and their subsidiaries in high pollution industries regulated by the State Environmental Protection Department.**

Applicable N/A

**①Environmental Management System**

SAIC Motor attached importance to environmental protection work. The Company continued to promote the ISO14001 environmental management system. By the end of 2017, 116 companies under SAIC Motor have obtained the ISO14001 system certificate. According to the requirement of the system, the Company instructed the affiliated companies to abide by environmental protection regulations and implement various environmental emission standards strictly in the process of daily operation and project construction; in the meanwhile, when preparing the medium and long-term development plan, the Company required that all affiliated enterprises fully embody the content of environmental protection and sustainable development, and took environmental protection requirements and planning as an important factor for the development of the enterprise, and comprehensively integrated them into the medium and long-term business development plans and corporate operating decisions of such companies, so as to promote the further upgrading and transformation of the enterprises and help the Group to achieve the high-end level of the industry in terms of environmental protection and manufacturing energy levels, creating values for all parties in the society.

## ②Construction and operation of pollution prevention

The Company and its affiliated companies carried out pollution prevention work in terms of water, gas, noise and wastes, practical results have been achieved out from the third-party governance, and therefore, the quality of ecological environment has been further improved. The Company and its affiliated companies implemented rain and sewage separation, and the on-line monitoring rate of water pollutants in heavy metal-related enterprises reached 100%; fugitive emissions have been strictly controlled, on-line monitoring devices for atmospheric pollutants emission have been installed at key atmospheric discharge outlets such as vehicle painting workshops, which are networked with environmental protection department; industrial noise regulation work conducted by the Company and its affiliated companies has achieved preliminary success; promoted soil environmental status investigation and popularized sludge reduction treatment, and the hazardous waste compliance disposal rate reached 100%. Facilities and devices for pollution control of SAIC Motor are complete, which ran well in 2017, and thus the annual reporting rate of environmental statistics of the Company and its affiliated companies reached 100%.

## ③Construction project environmental impact assessment

The Company and its affiliated companies carried out construction project environmental impact assessment following relevant laws and regulations of the *Law of the People's Republic of China on Environmental Impact Assessment* and implemented the "Three Simultaneities" strictly. During the reporting period, the newly-built, reconstructed and expansion projects have been approved by the environmental protection department and implemented in accordance with laws. In 2017, the Company carried out environmental impact assessment for new vehicle models under various brands and obtained the approval from environmental protection department.

## ④Emergency plans for environmental emergencies

The Company and its affiliated key sewage discharge companies have all established emergency plans for environmental emergencies, they have also carried out grading forecasting according to the extent of harm, scope of influence and development trend that various factors may cause to the environmental safety, so as to prevent the occurrence of such emergencies.

## ⑤Environmental self-monitoring

The Company and its affiliated companies implemented the *Measures for the Self-Monitoring and Information Disclosure by the Enterprises subject to Intensive Monitoring and Control of the State* issued by environmental protection agency, and the intensively monitored and controlled enterprises carried out self-monitoring on emission points of pollutant sources, therefore, the annual effective transmission rate of pollution source automatic monitoring data reached above 90%. The Company and its affiliated companies also disclosed the sewage discharge information in local information platform of local environmental protection agency, and the release rate of self-monitoring results of the intensively monitored and controlled enterprises reached 100%.

## ⑥Sustainable development

As a leader in the domestic automotive industry, SAIC Motor has always insisted on providing top-notch products to the society while doing its utmost to reduce the negative impact resulted from its products, activities and services on the environment. In 2017, the Group created a green supply chain system for vehicles and continuously upgraded the environmental protection technologies, so as to achieve the goal of full lifecycle management and strive to become the best environmentally friendly practitioner, further enhancing its leading position in environmental management.

**2. Companies other than key pollution discharge companies**

Applicable N/A

**3. Others**

Applicable N/A



**(IV) Others**

Applicable N/A

**XVIII Convertible bonds of the Company**

**(I) Issue of convertible bonds**

Applicable N/A

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

Applicable N/A

**(III) Changes in convertible bonds during the reporting period**

Applicable N/A

Accumulative transfer of convertible bonds during the reporting period

Applicable N/A

**(IV) Previous price adjustments on convertible bonds**

Applicable N/A

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

Applicable N/A

**(VI) Others**

Applicable N/A

## Section VI Share Capital Changes and Information of Shareholders

### I. Changes in share capital of ordinary shares

#### (I) Changes in ordinary shares

##### 1. Changes in ordinary shares

Unit: share

	Before the change		Increase / Decrease (+, -)		After the change	
	Quantity	Ratio (%)	New shares issued	Sub-total	Quantity	Ratio (%)
I. Restricted shares			657,894,736	657,894,736	657,894,736	5.63
II. Unrestricted tradable shares	11,025,566,629	100.00			11,025,566,629	94.37
1. RMB ordinary shares	11,025,566,629	100.00			11,025,566,629	94.37
2. Domestic listed foreign shares						
3. Overseas listed foreign shares						
4. Others						
<b>III. Total of ordinary shares</b>	<b>11,025,566,629</b>	<b>100.00</b>	<b>657,894,736</b>	<b>657,894,736</b>	<b>11,683,461,365</b>	<b>100.00</b>

##### 2. Explanation for changes of ordinary shares

√Applicable □N/A

On January 19, 2017, the Company completed the registration of new shares of non-public offering. After that, the Company's number of tradable shares is increased by 657,894,736 shares, and there are 11,683,461,365 ordinary shares in total.

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

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

□Applicable √N/A

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

□Applicable √N/A

### (II) Changes of restricted shares

√Applicable □N/A

Unit: share

Name of shareholders	Number of restricted shares at the beginning of year	Number of restricted shares released for the year	Number of restricted shares increased for the year	Number of restricted shares at the end of the year	Reason for restriction	Date of release
Shanghai Automotive Industry Corporation (Group)	0	0	131,578,947	131,578,947	Non-public offering	January 18, 2020
Core Staff Shareholding Plan of SAIC Motor (Changjiang Pension Insurance Co., Ltd., which is entrusted to manage this plan, sets up special products for subscription)	0	0	48,449,561	48,449,561	Non-public offering	January 18, 2020
Zhongyuan Equity Investment Management Co., Ltd.	0	0	87,719,736	87,719,736	Non-public offering	January 18, 2020
Guangdong Hengjian Investment Holding Co., Ltd.	0	0	87,719,298	87,719,298	Non-public offering	January 18, 2020
Huarong Huitong Asset Management Co., Ltd.	0	0	87,719,298	87,719,298	Non-public offering	January 18, 2020
Hebei Port Group Co., Ltd.	0	0	87,719,298	87,719,298	Non-public offering	January 18, 2020
Ping'an Asset Management Co., Ltd.	0	0	87,719,298	87,719,298	Non-public offering	January 18, 2020
Minsheng Tonghui Asset Management Co., Ltd.	0	0	39,269,300	39,269,300	Non-public offering	January 18, 2020

Total	0	0	657,894,736	657,894,736	/	/
-------	---	---	-------------	-------------	---	---

**II. Shares issuing and listing****(I) Securities issuing as of the reporting period**

□Applicable √N/A

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

□Applicable √N/A

**(II) Changes in the Company's total ordinary shares and shareholders' structure, as well as assets and liabilities.**

√Applicable □N/A

On January 19, 2017, the Company completed the registration of new shares of non-public offering. After the non-public offering of the Company was completed, the total share capital changed from 11,025,566,629 shares to 11,683,461,365 shares, and the share capital increased by 657,894,736 shares. Shanghai Automotive Industry Corporation (Group), the controlling shareholder of the Company, held 71.24% equity of the Company, and the controlling shareholders and actual controllers of the Company kept unchanged. The Company's consolidated assets totaled to 723.533 billion at the end of the reporting period, and the asset-liability ratio was 62.39%.

**(III) Existed shares held by internal employees**

□Applicable √N/A

**III. Shareholders and actual controller****(I) Total number of shareholders:**

Number of ordinary shareholders at the end of the reporting period	112,457
Number of ordinary shareholders at the end of last month prior to the announcement of the annual report	102,432

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

Unit: share

Top ten shareholders							
Name of shareholder	Increase/decrease during reporting period	Number of shares held	Proportion (%)	Number of restricted shares held	Number of shares pledged or frozen		Nature of shareholders
					Status	Shares	
Shanghai Automotive Industry Corporation (Group)	131,578,947	8,323,028,878	71.24	131,578,947	None	-	Stated-owned legal person
China Securities Finance Corporation Limited	118,741,192	417,131,811	3.57	-	None	-	Unknown
Yuejin Motor (Group) Corporation	-	413,919,141	3.54	-	None	-	Stated-owned legal person
Hong Kong Securities Clearing Company Ltd	97,175,675	266,513,584	2.28	-	None	-	Unknown
Zhonghai Trust Co., Ltd.— Central China Equity Value No. 1 Single-asset Trust	111,200,000	111,200,000	0.95	-	None	-	Unknown
Zhongyuan Equity Investment Management Co., Ltd.	77,233,880	109,881,874	0.94	87,719,736	Pledge	93,119,736	Unknown
Central Huijin Investment Ltd.	-	100,754,000	0.86	-	None	-	Unknown
Hebei Port Group Co., Ltd.	87,719,298	87,719,298	0.75	87,719,298	None	-	Unknown
Guangdong Hengjian Investment Holding Co., Ltd.	87,719,298	87,719,298	0.75	87,719,298	None	-	Unknown
Huarong Huitong Asset Management Co., Ltd.	87,719,298	87,719,298	0.75	87,719,298	Pledge	78,940,000	Unknown
Top ten shareholders of non-restricted shares							
Name of shareholders	Number of non-restricted shares held	Type of shares and number					
		Type	Shares				

Shanghai Automotive Industry Corporation (Group)	8,191,449,931	Ordinary shares in RMB	8,191,449,931
China Security Finance Corporation Limited	417,131,811	Ordinary shares in RMB	417,131,811
Yuejin Motor (Group) Corporation	413,919,141	Ordinary shares in RMB	413,919,141
Hong Kong Securities Clearing Company Ltd	266,513,584	Ordinary shares in RMB	266,513,584
Zhonghai Trust Co., Ltd. – Central China Equity Value No. 1 Single-asset Trust	111,200,000	Ordinary shares in RMB	111,200,000
Central Huijin Investment Ltd.	100,754,000	Ordinary shares in RMB	100,754,000
Anbang Asset – Minsheng Bank – Shengshi Jingxuan No. 2 Collective Asset Management Products	40,674,931	Ordinary shares in RMB	40,674,931
Central Bank Of Malaysia	35,384,287	Ordinary shares in RMB	35,384,287
Northern International Trust Co., Ltd. – Guangfa Bank Single-asset Trust	33,572,870	Ordinary shares in RMB	33,572,870
GIC PRIVATE LIMITED	30,326,106	Ordinary shares in RMB	30,326,106
Explanation of the related relationship or concerted actions among the above shareholders	Among the top 10 shareholders, Shanghai Automotive Industry Corporation (Group) and other 9 shareholders have no related relationships nor persons acting in concert as regulated in Administrative Rules on Acquisition of Listed Company. It is unknown whether other 9 shareholders have related relationships or persons acting in concert.		

Quantity of restricted shares held by the top ten shareholders and the restricted conditions.

√Applicable □N/A

Unit: share

S/N	Name of shareholder with restricted condition	Number of restricted shares held	Condition of restricted shares available for listing and trading		Restricted condition
			Date	Number of new shares available for listing and trading	
1	Shanghai Automotive Industry Corporation (Group)	131,578,947	January 19, 2020		Non-public offering
2	Core Staff Shareholding Plan of SAIC Motor (Changjiang Pension Insurance Co., Ltd., which is entrusted to manage this plan, sets up special products for subscription)	48,449,561	January 19, 2020		Non-public offering
3	Zhongyuan Equity Investment Management Co., Ltd.	87,719,736	January 19, 2018		Non-public offering
4	Guangdong Hengjian Investment Holding Co., Ltd.	87,719,298	January 19, 2018		Non-public offering
5	Huarong Huitong Asset Management Co., Ltd.	87,719,298	January 19, 2018		Non-public offering
6	Hebei Port Group Co., Ltd.	87,719,298	January 19, 2018		Non-public offering
7	Ping'an Asset Management Co., Ltd.	87,719,298	January 19, 2018		Non-public offering
8	Minsheng Tonghui Asset Management Co., Ltd.	39,269,300	January 19, 2018		Non-public offering
Explanation of the related relationship or concerted actions among the above shareholders		Among the top 10 shareholders, Shanghai Automotive Industry Corporation (Group) and other 7 shareholders have no related relationships nor persons acting in concert as regulated in <i>Administrative Rules on Acquisition of Listed Company</i> . It is unknown whether other 7 shareholders have related relationships or persons acting in concert.			

The Company published the *Announcement on Listing and Circular of Non-public Offering of Restricted Shares* on January 13, 2018, the number of restricted shares to be listed was 477,866,228 shares and the listing date was January 19, 2018. (Refer to [www.sse.com.cn](http://www.sse.com.cn) for details.)

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

Applicable N/A

**IV. Holding shareholders and actual controlling party****(I) Corporate controlling shareholder****1. Legal person**

Applicable N/A

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

**2. Natural Person**

Applicable N/A

**3. Special explanation for no controlling shareholders in the Company**

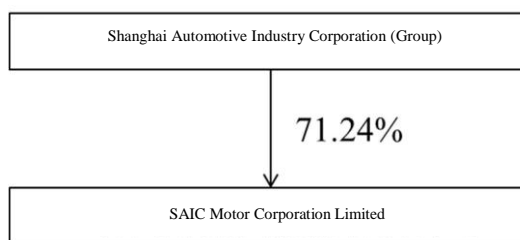
Applicable N/A

**4. Index and date of changes of controlling shareholders in the reporting period**

Applicable N/A

**5. The Company's organizational chart of ownership and controlling shareholder relationships are illustrated as below:**

Applicable N/A

**(II) Actual controller****1. Legal person**

Applicable N/A

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

**2. Natural Person**

Applicable N/A

**3. Special explanation for no actual controller in the Company**

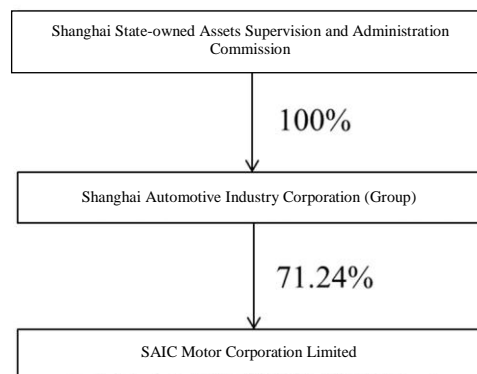
Applicable N/A

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

√Applicable □N/A

**5. The block diagram of controlling relationship and ownership between the Company and the actual controller**

√Applicable □N/A

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

□Applicable √N/A

**(III) Other particulars about the controlling shareholder and the actual controller**

□Applicable √N/A

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

□Applicable √N/A

**VI. Explanation of less ownership of restricted shares**

□Applicable √N/A

**Section VII Preferred Stock Information**

□Applicable √N/A

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

### I. Information of shareholding and remuneration

#### (I) Ownership and remuneration of directors, supervisors and senior management in incumbent and outgoing in reporting period

√Applicable □N/A

Unit: share

Name	Position (note)	Gender	Age	Beginning date of term	Ending date of term	Shares held at the beginning of the year	Shares held at the end of the year	Increase /decrease of number of shares held	Reason for the change	Total compensation before tax received from the Company during the reporting period (RMB 0'000)		Whether received compensation from related parties of the Company
										Total amount (Including 2016 incentive fund ) (before tax)	Including: 2016 incentive fund (before tax)	
Chen Hong	Chairman of the Board	Male	56	06-18-2015	06-17-2018	8,380	8,380	0		128.33	13.23	No
Chen Zhi Xin	Director, President	Male	58	06-18-2015	06-17-2018					179.27	20.97	No
Xie Rong	Director	Male	65	06-18-2015	06-17-2018					0	0	No
Wang Fang Hua	Independent director	Male	70	06-18-2015	06-17-2018					10.00	0	No
Tao Xin Liang	Independent director	Male	67	06-18-2015	06-17-2018					10.00	0	No
Li Ruo Shan	Independent director	Male	68	05-26-2016	06-17-2018					10.00	0	No
Zhong Li Xin	Employee representative director	Male	54	06-18-2015	06-17-2018					108.88	10.06	No
Bian Bai Ping	Chairman of board of supervisors	Male	61	06-18-2015	06-17-2018					0	0	No
Chen Wei Feng	Vice chairman of board of supervisors	Male	55	06-18-2015	06-17-2018					108.88	10.06	No
Ding Ning	Supervisor	Male	57	11-22-2017	06-17-2018					0	0	No
Zhu Pei Li	Employee representative supervisor	Female	45	03-24-2017	06-17-2018					75.46	0	No
Jiang Bao Xin	Employee representative supervisor	Male	48	06-18-2015	06-17-2018					166.46	44.39	No
Zhou Lang Hui	Vice president	Male	46	06-18-2015	06-17-2018					161.13	17.28	No
Yu Jian Wei	Vice president	Male	57	06-18-2015	06-17-2018					85.12	8.16	No
Chen De Mei	Vice president	Male	55	06-18-2015	06-17-2018					149.83	15.75	No
Wang Xiao Qiu	Vice president	Male	53	06-18-2015	06-17-2018					154.84	12.74	No
Shen Yang	Vice president	Male	56	06-18-2015	06-17-2018					87.90	87.90	No
Lan Qing Song	Vice president	Male	52	06-18-2015	06-17-2018					146.19	9.23	No

SAIC MOTOR ANNUAL REPORT 2017

Cheng Jing Lei	Chief engineer	Male	50	06-18-2015	06-17-2018					143.88	10.12	No
Wei Yong	Acting CFO	Male	45	10-28-2016	06-17-2018					176.62	46.42	No
Wang Jian Zhang	Secretary to the Board	Female	48	06-18-2015	06-17-2018					174.98	44.78	No
Hong Jin Xin	Former supervisor	Female	60	06-18-2015	10-31-2017					0	0	No
Ma Long Ying	Former employee representative supervisor	Female	56	06-18-2015	03-24-2017					7.88	0	No
<b>Total</b>	/	/	/	/	/	<b>8,380</b>	<b>8,380</b>	<b>0</b>	/	<b>2,085.65</b>	<b>351.09</b>	/

Note: 1. As the Company's leaders did not participate in 2016 incentive fund distribution according to the remuneration regulation of State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government, the incentive funds they have received in the reporting period refer to the deferred payment for incentive funds distributed for 2014.

2. The Company has implemented the professional manager program since 2017, and the professional managers from senior executives of the Company will participate in the new round of Incentive Fund Plan, and the period of implementation is from 2017 to 2020.

**Major working experience**

Chen Hong	He served as president, vice board chairman and vice secretary of Party Committee of SAIC Motor Corporation Limited; and vice chairman of the Board, president and secretary of Party Committee of SAIC Motor Corporation Limited. He is currently the chairman of the Board, and secretary of Party Committee of SAIC Motor Corporation Limited.
Chen Zhi Xin	He served as executive vice president of SAIC Motor Corporation Limited and general manager of passenger vehicle branch; president of SAIC Motor Corporation Limited, vice secretary of Party Committee of SAIC Motor Corporation Limited and general manager of passenger vehicle branch. He is currently director, president and vice secretary of Party Committee of SAIC Motor Corporation Limited.
Xie Rong	He served as vice dean of Shanghai National Accounting Institute. He is currently director of SAIC Motor Corporation Limited and professor of Shanghai National Accounting Institute.
Wang Fang Hua	He served as director of industrial economy teaching and research section of School of Management, assistant to dean of School of Management and director of department of business management of Fudan University, vice dean, general vice dean and dean of School of Management of Fudan University, dean of Antai College of Economics & Management of Shanghai Jiao Tong University. He is currently an independent director of SAIC Motor Corporation Limited and special adviser of Shanghai Jiao Tong University.
Tao Xin Liang	He served as a section chief of research department of Shanghai University of Technology, deputy director of research department of Shanghai University of Technology, vice president and president of patents affairs bureau; deputy dean of Faculty of Humanities of Shanghai University Of Technology; deputy dean, executive deputy dean, and dean of Intellectual Property Academy of Shanghai University; Deputy dean of Law School of Shanghai University; Dean of Intellectual Property Academy of Tongji University. He currently serves as an independent director at SAIC Motor Corporation Limited, dean of Intellectual Property Academy of Dalian University of Technology and honorary dean of Intellectual Property Academy of Shanghai University.
Li Ruo Shan	He served as deputy director of Accounting Department of Economic College of Xiamen University, deputy dean of Economic College of Xiamen University; deputy dean of School of Management, director of accounting department and director of finance department of Fudan University; and independent directors of CPIC, Sinochem International and other listing companies. He currently serves as academic director of Professional Master of Accounting of School of Management of Fudan University, deputy president of Shanghai Institute of Accounting and Shanghai Institute of Audit, member of Shanghai SASAC and an independent director of SAIC Motor Corporation Limited.



SAIC MOTOR ANNUAL REPORT 2017

Zhong Li Xin	He served as assistant president, head of president office of SAIC Motor Corporation Limited; and assistant president, chairman of the labor union and head of president office of SAIC Motor Corporation Limited. He is currently employee representative director, chairman of the labor union and head of Party Committee office of SAIC Motor Corporation Limited.
Bian Bai Ping	He served as Secretary of Changning District. He is currently the chairman of board of supervisors of SAIC Motor Corporation Limited and Shanghai City Investment (Group) Co., Ltd.
Chen Wei Feng	He served as a party member and the chief of management department of party commission in SAIC Motor Corporation Limited. He currently serves as vice chairman, secretary of discipline inspection commission in SAIC Motor Corporation Limited.
Ding Ning	He served as deputy investigator of the Work Committee of Municipal Financial Party Committee Trade Union and the investigator of the Group Work Department of the Municipal Financial Work Party Committee. He currently serves as supervisor of SAIC Motor Corporation Limited.
Zhu Pei Li	She used served as the secretary of the Party Committee, secretary of the Disciplinary Committee and chairman of the labor union of SSDT, the secretary of the Party Committee, secretary of the Disciplinary Committee and chairman of the labor union of KPSNC. She currently serves as employee representative supervisor, vice chairman of the trade union, secretary of the Party Committee of the headquarters of SAIC Motor Corporation Limited.
Jiang Bao Xin	He served as the CFO of Shanghai Diesel Engine Co., Ltd and vice supervisor of audit office in Shanghai Motor Corporation Limited. He currently serves as employee representative supervisor and supervisor of audit office in Shanghai Motor Corporation Limited.
Zhou Lang Hui	He is currently vice president and vice secretary of Party Committee of SAIC Motor Corporation Limited.
Yu Jian Wei	He is currently vice president of SAIC Motor Corporation and secretary of Party Committee of Nanjing Automobile (Group) Corporation concurrently.
Chen De Mei	He served as vice president of Shanghai Automotive Industry Corporation (Group). He is currently vice president of SAIC Motor Corporation Limited.
Wang Xiao Qiu	He served as general manager and vice secretary of Party Committee of Shanghai Diesel Engine Co., Ltd; vice chief economic engineer of SAIC Motor Corporation Limited, general manager of SGM. He is currently vice president of SAIC Motor Corporation Limited, general manager of passenger vehicle branch and director of technology center and general manager of Zebra Technology Co., Ltd. concurrently.
Shen Yang	He is currently the vice president of SAIC Motor Corporation Limited and general manager of SGMW.
Lan Qing Song	He served as vice manager of department of commercial vehicle of SAIC Motor Corporation Limited, general manager of SAIC Motor Commercial Vehicle Co., Ltd. and general manager of SAIC Maxus. He is currently general manager of department of commercial vehicle of SAIC Motor Corporation Limited and vice president of SAIC Motor Corporation Limited.
Cheng Jing Lei	He served as vice chief engineer and executive director of department of strategy and business planning of SAIC Motor Corporation Limited. He is currently the chief engineer of SAIC Motor Corporation Limited.
Wei Yong	He served as executive director of capital operation department and director of the board office of Shanghai Motor Corporation Limited. He currently serves as acting CFO, securities affairs representative, general manager of securities affairs department, general manager of financial division of SAIC Motor Corporation Limited, general manager of SAIC HK Investment Co., Ltd. and general manager of SAIC investment management Co., Ltd.
Wang Jian Zhang	She currently serves as board secretary and general manager of risk management department of SAIC Motor Corporation Limited concurrently.

Others

Applicable N/A

**(II) Information of incentive shares awarded to directors, supervisors and senior management during reporting period**

Applicable N/A

**II. Information of directors, supervisors and senior management in incumbent and outgoing in the reporting period****(I) Information of positions held in shareholders' entities**

√Applicable □N/A

Name	Name of shareholder entity	Position held	Starting date of term	Ending date of term
Chen Hong	Shanghai Automotive Industry Corporation (Group)	Board chairman	10-16-2014	03-29-2018
Zhou Lang Hui	Shanghai Automotive Industry Corporation (Group)	Supervisor	10-16-2014	03-29-2018
Chen De Mei	Shanghai Automotive Industry Corporation (Group)	Director	10-16-2014	03-29-2018

**(II) Duties in other entities**

√Applicable □N/A

Name	Name of other entity	Position held	Starting date of term	Ending date of term
Chen Hong	HUAYU Automotive Systems Co., Ltd.	Chairman of the Board	5-29-2015	5-28-2018
Chen Zhi Xin	HUAYU Automotive Systems Co., Ltd.	vice president	5-29-2015	5-28-2018
Zhong Li Xin	HUAYU Automotive Systems Co., Ltd.	Director	5-29-2015	5-28-2018
Zhou Lang Hui	HUAYU Automotive Systems Co., Ltd.	Chairman of board of supervisors	5-29-2015	5-28-2018
Zhou Lang Hui	Shanghai Diesel Engine Co., Ltd.	Chairman of board of supervisors	5-20-2015	5-19-2018
Lan Qing Song	Shanghai Diesel Engine Co., Ltd.	Director	5-20-2015	5-19-2018
Jiang Bao Xin	Shanghai Diesel Engine Co., Ltd.	Supervisor	5-20-2015	5-19-2018

**III. Compensation of directors, supervisors and key management personnel**

√Applicable □N/A

<b>Decision-making process of remuneration of directors supervisors and senior management</b>	The allowance of independent directors shall be decided by the Board and subject to the approval of general meeting of shareholders. Each independent director may receive allowance of RMB 100,000 and the necessary and reasonable costs arising from performing the duties shall be borne by the Company. The Company's non-independent directors shall not receive remuneration for the position of directors. The Company's supervisors shall not receive remuneration for the position of supervisors.
<b>Basis for decision of remuneration of directors, supervisors and senior management</b>	According to the Company's medium and long-term strategic planning, annual key work arrangements, and the division of responsibilities of senior management personnel, etc., clear performance assessment targets and carry out assessment. Senior executives' performance pay is linked to results of performance evaluation.
<b>Actual payment of remuneration of directors supervisors and senior management</b>	According to the <i>Proposal on Continuous Implementation of the Company's Incentive Fund Plan in 2016</i> deliberated and approved at the 14 <sup>th</sup> session of the sixth board meeting, the Company has implemented the <i>2016 Implementation Scheme for Incentive Fund Plan of SAIC Motor Corporation Limited</i> deliberated and approved at the 15 <sup>th</sup> session of the sixth board meeting in 2017, and specific amount of incentive fund has been included in total remuneration payable of the year. The Company's leadership did not participate in the annual distribution scheme due to the implementation of relevant remuneration regulations of municipal SASAC.
<b>Total remuneration of directors supervisors and senior management received by the end of the reporting period</b>	RMB 20,856,500

**IV. Alteration of directors, supervisors and key management personnel**

√Applicable □N/A

<b>Name</b>	<b>Position</b>	<b>Changes</b>	<b>Reason for the change</b>
Ding Ning	Supervisor	Election	Elected through the 1 <sup>st</sup> extraordinary general meeting of shareholders in 2017
Hong Jin Rui	Supervisor	Resignation	Resigned from the post of supervisor due to age
Zhu Pei Li	Employee representative supervisor	Election	Elected through the 32 <sup>nd</sup> joint meeting of the 2 <sup>nd</sup> workers' conference
Ma Long Ying	Employee representative supervisor	Resignation	Resigned from the post of supervisor due to age

**V. Penalty by regulators in recent three years**

□Applicable √N/A

**VI. Information of the Company's employees****(I) Information of employees**

Number of employees of holding company	10,616
Number of employees of major subsidiaries	170,133
Total number of employees on active duty	180,749
Retired employees whose expense is undertaken by the holding company and major subsidiaries	40,423
Composition of employees by specialization	
<b>Areas of specialization</b>	<b>Headcounts (persons)</b>
Production personnel	2,307
Marketing and sales personnel	488
Engineering technical personnel	6,545
Finance and auditing personnel	147
Administrative personnel	195
Others	934
<b>Total</b>	<b>10,616</b>
Composition of employees by education level	
<b>Education level</b>	<b>Headcounts (persons)</b>
Postgraduate or above	3,721
University graduate	4,525
Secondary school diploma or below	2,370
<b>Total</b>	<b>10,616</b>

**(II) Remuneration policy**√Applicable N/A

The Company complies with relevant national labor laws and regulations strictly by establishing remuneration and welfare system, paying employees remuneration in full and on time and contributing to employee social insurance schemes. In the meantime, the Company has established salary growth mechanism, where the increase of employees' income is in line with labor productivity and operating performance, by determining annual salary adjustment program based on CPI index, enterprise salary guideline set by the local government, operating performance of the Company and the benchmark of the market.

The Company has explored diversified incentives, creating high performance and high motivated atmosphere. The Company has implemented incremental profit incentive plan to all staff to share the fruits of enterprise development; innovation incentive fund on technology and management for key employees to mobilize the initiative of core and mature talents; incentive fund plan to core talents. Meanwhile the Company has implemented key employee stock ownership plan, which improved the efficiency of retaining and motivating core talents.

**(III) Training plan**√Applicable N/A

The Company, focused on vision, mission and value to lead innovation and development, accelerates capability cultivation and vocational education for employees of SAIC Motor.

Firstly, the Company has strengthened the building of high-end talent team. The Company has enriched the knowledge structure of high-end talents and core backbones in the areas of technology, business, operation, management, and party and group through holding "Biweekly Lecture", oversea trainings, training classes for young cadres, Tsinghua University Innovation Workshop and large-scale theoretical public lectures for back-up cadres, which strengthened the awareness, broadened the visions, enriched the thinking, enhanced the capabilities, and promoted the work of related personnel.

Secondly, the Company has held induction training for new employees. The Company organizes 13 induction training for all university graduates newly employed by SAIC to help them understand SAIC cultures and set up group awareness.

Thirdly, the Company has developed professional technicians in a deep-going way. In 2017, through continuing education, the Company trained 15,000 automotive engineers and 3000 technicians of other professional fields such accounting, internal audit and so on approximately.

Fourthly, the Company has strengthened the development of skilled personnel, carried out the continuing education for technicians and organized technical innovation workshops; it has also deepened the professional skills competitions and carried out 13 competitions at all levels. In 2017, 12300 skilled personnel have achieved professional-skill-level promotion through professional skills training and appraisal, among which, more than 1300 were at the grade of senior staff or above. Since the high-skilled personnel training base was approved in 2011, SAIC Motor has continuously increased the investment in the construction of training bases. The total construction area of the training base has been built to approximately 35,500 square meters.

**(IV) Labor outsourcing**

Applicable N/A

**VII. Others**

Applicable N/A

## Section IX Corporate Governance

### I. Corporate governance and related information

√ Applicable  N/A

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

#### (I) Corporate governance and related information

##### 1. Shareholders and general meeting of shareholders

During the reporting period, the Company strictly followed the relevant provisions of *Code of Corporate Governance for Listed Companies*, *Articles of Association* and *Rules of Procedure for General Meeting of Shareholders* to convene general meetings of shareholders, combine online voting with on-site voting, and to ensure that all shareholders have equal status and rights. At the same time, the Company commissioned an attorney to attend general meetings of shareholders to witness and verify meeting procedures, matters for deliberation and the identification of the attendants to ensure the validity of the general meetings of shareholders and the equal status and rights of all shareholders to exercise their rights. The Company held two annual general meetings of shareholders in year 2017, and please refer to "shareholders meeting review" for more details.

##### 2. Directors and Board

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

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

### 3. Supervisors and board of supervisors

The Company's board of supervisors and supervisors have earnestly performed the supervisory and examination responsibilities endowed by the general meeting of shareholders in a spirit of being highly responsible for all the shareholders according to the provisions of the *Articles of Association and Rules of Procedure for the Board of Supervisors* and implemented effective supervision on the Company's operation, financial condition, internal control construction and duty-performing of directors and senior management. During the reporting period, the board of supervisors held 4 meetings in total, during which they have deliberated and supervised on important matters such as regular reports, by-election of supervisors, recommendations for internal control, use of the raised funds, etc., and no situations such as violation of laws or regulations or damage to the interests of shareholders was identified.

### 4. Corporate governance system

During the reporting period, the Company, the Company continued to optimize the system, and wrote the requirements for party building into the general requirements of the Company's articles of association. In light of the newly issued regulatory requirements and the actual needs of business management, the Company's *Articles of Association, Rules of Procedure of the Company's Shareholder Meeting, Rules of Procedure of the Company's Supervisory Meeting and Company's Board Secretary Management Rules* were revised.

The Company strictly executed related regulations to ensure orderly working regarding information disclosure, investors' relationships management, dividends distribution as well as fund raise and management. Meanwhile, the Company carries out registration management system for insiders to continue its good work in management including training, registering, reporting, and etc., to effectively maintain fair disclosure of company information.

### 5. Performance evaluation, incentive and restraining mechanism

The Company has selected managerial personnel according to the principle of ability and integrity, equality and fairness and implemented tenure system. In the meantime, the Company has established a performance evaluation and remuneration system which links remuneration of management with the Company's operating performance and individual's performance. Meanwhile, in order to improve the Company's operating performance continuously and to achieve sustainable development, the Company implemented "*The Incentive Fund Plan of the Company*" in year 2012. The 14<sup>th</sup> session of the sixth board meeting in 2017 deliberated and approved the *Proposal on Continuous Implementation of the Company's Incentive Fund Plan in 2016*. The Company's annual operation performance of 2016 conformed to the conditions for implementation of incentive fund plan, thus the *2016 Implementation Scheme for Incentive Fund Plan* and the Company leadership's not participating in the annual distribution scheme due to the implementation of relevant remuneration regulations of municipal SASAC have been approved during the 15<sup>th</sup> session of the sixth board meeting. Given that the incentive fund plan is able to better stimulate the enthusiasm and creativity of the Company's core talent team, the 16<sup>th</sup> session of the sixth board meeting has approved the new round of *Incentive Fund Plan of the Company (2017-2020)*.

### 6. Stakeholders

The Company has fully demonstrated due respect to maintain legal rights of stakeholders and actively perform social responsibilities to balance interest in shareholders, employee and society, etc. to promote sustainable and healthy development of the Company eventually. (Please refer to the Company's social responsibility report of 2017)

## 7. Information disclosure and transparency

During the reporting period, the Company took initiative to work on investors' relationship in accordance with the requirements as set forth in *Investors Relationship Management System* and *Information Disclosure Management System*. During year 2017, the Company received 330 investment agents' visits, 2193 individual investors' visits and more than 900 enquiry calls. In addition, 2 meetings for communication of financial performance and 46 attendance in investors communication meetings organized by security traders were organized to facilitate investors' understanding of the Company's operating results timely and accurately.

During the reporting period, the Company disclosed 4 periodic reports, made 42 temporary announcements, and made no announcement of correction, so that the investors could be informed of the true status of the Company on a timely, fair, accurate and comprehensive basis.

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

Applicable N/A

## II. Brief introduction of Shareholders meeting

Sequence of the Meeting	Date	Designated website of resolutions publicized	Disclosure date of resolutions
Shareholders meeting in 2016	May 25, 2017	Shanghai Stock Exchange Website <a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	May 26, 2017
First extraordinary shareholders meeting in 2017	November 21, 2017	Shanghai Stock Exchange Website <a href="http://www.sse.com.cn">http://www.sse.com.cn</a>	November 22, 2017

Information of Shareholder meeting

Applicable N/A

## III. Duty performance of directors

### (I) Directors' attendance of board meetings and shareholders meetings

Name of director	Independent director (yes or no)	Attendance of board meetings						Attendance of shareholders meetings
		Number of board meetings attended (Times)	Attended in person (Times)	Attended via communication tools (Times)	Attended by delegation (Times)	Absence (Times)	Absence twice consecutively (yes or no)	Number of attendance in general meeting of shareholders
Chen Hong	No	5	5	3	0	0	No	2
Chen Zhi Xin	No	5	5	3	0	0	No	0
Xie Rong	No	5	5	3	0	0	No	1
Zhong Li Xin	No	5	5	3	0	0	No	2
Wang Fang Hu	Yes	5	5	3	0	0	No	1
Tao Xin Liang	Yes	5	5	3	0	0	No	2
Li Ruo Shan	Yes	5	5	3	0	0	No	0



Reasons for not attending board meeting in person twice consecutively

Applicable N/A

Number of board meetings	5
Including: Number of on-site meetings	2
Number of meetings via communication tools	3
Number of meetings on-site and via communication tools simultaneously	0

**(II) Circumstance where independent directors raised different opinions**

Applicable N/A

**(III) Others**

Applicable N/A

Establishment of sound work system for independent directors and performance of independent directors: Pursuant to laws and regulations including "Corporate Law", "Guiding Opinion on Establishing Independent Director System by Listed Companies" and "Code of Corporate Governance for Listed Companies", the Company established "Work System for Independent Directors and Work System for Independent Directors with Regard to Annual Reports", which ensured independent directors' performance of their duties. During the reporting period, independent directors performed their duties of good faith and due diligence, took their roles in specialized committees actively and protected the interests of the Company and shareholders, in particular, of the minority shareholders. Independent directors actively participated in meetings of the board of directors and special committee, and thoroughly understood and carefully discussed various important issues such as the completion of the Company's planning, the implementation of the internal control system, the professional manager program, and the new round of incentive fund plan, etc. and carried out on-site investigations into the Company's business development for many times, provided recommendations and suggestions for Company management and long-term development, and promoted continuous improvement of Company governance structure and level. During the reporting period, the independent directors expressed independent opinions on important decision-making matters such as external guarantee, residual raised fund of non-public offering stocks in 2010 supplementing the working capital permanently, raised fund of non-public offering stocks in 2016 exchanging the self-raised funds pre-invested in equity investment projects, professional manager program, and increasing the places for implementation of equity investment projects; in preparing the annual report of the Company, the independent directors communicate with the financial department, audit office and certified public account for annual audit in accordance with "Work System for Independent Directors with Regard to Annual Reports", giving full play to professional and independent role of independent directors.

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

Applicable N/A

During the reporting period, the Company's Strategy Committee of Board of Directors held a meeting during which the company's "1+5" rolling development plan was reviewed. When reviewing and deliberating the *1 + 5 Rolling Development Plan of the Company (2017-2021)*, the Strategy Committee considered that the Company's rolling development plan not only summarized the good performance of the Company's 13th Five-Year Plan, but also deeply studied and judged the future development trend of the automotive industry. It is recommended that the Company sum up its existing experience, look to the future layout of the automotive industry's new value chain, and research the model of cooperating with innovative technology companies to achieve a sustainable win-win.

The Company's Audit Committee of Board of Directors held 5 meetings, during which the regular financial reports have been reviewed, external audit institutions have been evaluated, the use and management of raised fund have been discussed and deliberated, the internal audit work has been instructed, and effectiveness of internal control system has been checked, etc. When the Audit Committee heard Deloitte's report on the Company's 2016 annual report auditing and internal control auditing, it proposed to examine the Company's annual financial statements in an objective and rigorous manner and comprehensively and scientifically assess the Company's internal control risk. For the newly revised Accounting Standards for Business Enterprises, the Company must fully prepare accordingly.

The Company's Nomination, Remuneration and Appraisal Committees of Board of Directors held 3 meetings, mainly supervised the implementation of the Company's remuneration system, and reviewed the annual implementation scheme for the Company's incentive fund plan and the new round of incentive fund plan, etc. In discussing and deliberating the *Proposals on Company's Incentive Fund Plan*, the Nomination, Remuneration and Appraisal Committees considered that through the implementation of the previous round of incentive fund plan, the Company has stimulated the enthusiasm and creativity of the core talent team, supported the Company to launch a new round of incentive fund plan, and laid a solid foundation for the Company's continuous innovation and transformation.

#### **V. Illustration about the risks of the Company identified by board of supervisors**

Applicable N/A

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

Applicable N/A

Resolutions, work schedules and subsequent working plan for peer rivalry

Applicable N/A

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

Applicable N/A

(I) Formulated *Performance Appraisal Method for Leaders of SAIC Motor Corporation Limited and Performance Remuneration Method for Professional Managers of SAIC Motor Corporation Limited* to carry out performance evaluation to senior executives. Senior executives' performance pay is linked to results of performance evaluation.

(II) Board of directors approved *2016 Implementation Scheme for Incentive Fund Plan of SAIC Motor Corporation Limited*, and implemented after the annual general meeting approved the annual report.

#### **VIII. If the Company release self-assessment report on internal control or not**

Applicable N/A

In accordance with internal control system and evaluation method, the Company assessed effectiveness of internal control on December 31, 2017 (date of internal control assessment report) based on regular and special supervision on internal control and then prepared an internal control self-assessment report. There was no significant deficiency regarding internal control over financial reporting at the date of internal control assessment report based on relevant assessment. Directors believe that the Company has maintained, in all material aspects, effective internal control over financial reporting in accordance with relevant requirements and internal control system of the Company. Please refer to *Internal Control Assessment Report of SAIC Motor Corporation Limited of 2017* published on Shanghai Stock Exchange website on the same issuing day of this report for more details.

Information of significant deficiency in internal control during the reporting period

Applicable N/A

**IX. Auditors' report on internal control**

Applicable    N/A

Deloitte Touche Tohmatsu Certified Public Accountants LLP issued "Auditors' Report on Internal Control of SAIC Motor Corporation Limited" (De Shi Bao (Shen) Zi (18) No. S00163). For details, please refer to relevant announcements of the Company.

If the Company release internal control report or not: Yes

**X. Others**

Applicable    N/A

**Section X Circumstances about Corporate Bonds**

Applicable    N/A

## Section XI Financial Statements

### I Auditors' report

Applicable    N/A

#### AUDITORS' REPORT

De Shi Bao (Shen) Zi (18) No.P01818

To the shareholders of SAIC Motor Corporation Limited:

#### I. Opinion

We have audited the financial statements of SAIC Motor Corporation Limited ("SAIC Motor"), which comprise the consolidated and the company's balance sheets as of December 31, 2017, and the consolidated and the company's income statements, the consolidated and the company's cash flow statements and the consolidated and the company's statements of changes in shareholders' equity for the year then ended, and the notes to the financial statements (the "financial statements").

In our opinion, the consolidated and the company's financial statements of SAIC Motor present fairly, in all material respects, the financial position of SAIC Motor as of December 31, 2017, and the consolidated and the company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

#### II. Basis for Opinion

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

#### III. Key Audit Matters

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

##### (I) Recognition of Revenue from Vehicle

###### 1. Description

As disclosed in Note (VIII) 65 to the financial statements, revenue from sale of vehicles in 2017 was RMB 656,823,130,000, which was significant. In which, the recognition and measurement of sales revenue of major vehicle sales companies under SAIC Motor largely depend on the data collection of dealer electronic trading platforms of SAIC Motor's vehicle sales companies, and the accuracy of revenue from sale of vehicles depends on the accuracy of relevant information systems. We therefore identified the accuracy of data collection of dealer electronic trading platforms as a key audit matter.

**2. How our audit addressed the key audit matter**

Our audit procedures in relation to the accuracy of data collection of dealer electronic trading platforms relating to the recognition of sale of vehicles mainly included:

- (1) Understand the general IT controls of information system of SAIC Motor's major vehicle sales companies, evaluate effectiveness of the design and implementation of relevant controls, and test their operating effectiveness;
- (2) Understand and evaluate effectiveness of the design and implementation of relevant controls relating to dealer electronic trading platforms, and test their operating effectiveness;
- (3) Test the data transmission between dealer electronic trading platforms and the financial system, and verify whether the sales records from dealer electronic trading platforms during the reporting period are consistent with the data in the financial system;
- (4) In case of any differences, we analyze the reasons for such differences and perform test of details, trace to contracts, invoices and delivery notes to determine whether the reason for difference is reasonable and whether the relevant revenue recognition is accurate.

**(II) Warranty****1. Description**

As disclosed in Note (VIII) 54 and 69 to the financial statements, the balance of accrued warranty as of December 31, 2017 was RMB 16,823,300,000, of which, the balance of warranty for vehicles was RMB 15,182,950,000; warranty recognized in the consolidated income statement of 2017 was RMB 4,986,940,000, of which, warranty for vehicles was RMB 4,413,950,000, which was significant. SAIC Motor undertakes the warranty obligations for vehicles business for certain years. The management make estimation of warranty and makes provision accordingly based on contract terms and historical experience, where judgments and estimates are needed. We therefore identified warranty of vehicles business as a key audit matter.

**2. How our audit addressed the key audit matter**

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

- (1) Understand and evaluate effectiveness of the design and implementation of internal controls relevant to the recognition of warranty, and test their operating effectiveness;
- (2) Assess the method of the management for provision of warranty and review the calculation process of warranty;
- (3) Check the supporting documents of source data used in the calculation, such as sales data, historical claim data, etc.;
- (4) Test the actual payment of warranty in 2017;
- (5) Discuss with the management and research public information to check whether there is a major product defect in the current or subsequent period that may have a significant impact on the provision of warranty.

**IV. Other Information**

The management of SAIC Motor is responsible for other information. The other information comprises the information included in the 2017 annual report of SAIC Motor, but does not include the financial statements and our auditors' report thereon.

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

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

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

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

The management of SAIC Motor is responsible for the preparation of the financial statements that give a true and fair view in accordance with Accounting Standards for Business, and for such internal control as the directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- (1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- (3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- (4) Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the SAIC Motor's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the SAIC Motor to cease to continue as a going concern.
- (5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- (6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the SAIC Motor to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Deloitte Touche Tohmatsu Certified Public Accountants LLP  
Shanghai, China

Chinese Certified Public Accountant:  
Yuan Shouqing

Chinese Certified Public Accountant  
Ma Tiantian

March 28, 2018

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

## II. Financial Statements

## Consolidated Balance Sheet

December 31, 2017

Prepared by: SAIC MOTOR CORPORATION LIMITED

Unit: RMB

Item	Notes	December 31, 2017	December 31, 2016
<b>Current assets:</b>			
Cash and bank balances	(VIII)1	121,611,119,762.58	105,949,791,363.07
Balances with clearing agencies			
Placements with banks and other financial institutions			
Financial assets at fair value through profit or loss	(VIII)2	4,795,191,451.72	1,559,753,224.57
Derivative financial assets			
Notes receivable	(VIII)4	29,641,741,952.44	30,038,463,383.46
Accounts receivable	(VIII)5	34,667,807,134.14	30,661,741,111.58
Prepayments	(VIII)6	29,835,194,963.01	20,529,658,025.70
Premiums receivable			
Amounts receivable under reinsurance contracts			
Reinsurer's share of insurance contract reserves			
Interest receivable		436,146,798.02	330,661,934.30
Dividends receivable	(VIII)8	1,761,126,784.54	1,622,991,754.82
Other receivables	(VIII)9	9,214,202,529.39	6,960,736,476.23
Financial assets purchased under resale agreements	(VIII)10	630,960,113.64	978,112,755.49
Inventories	(VIII)11	50,041,764,931.61	37,039,781,805.92
Assets held for sale			
Non-current assets due within one year	(VIII)13	55,300,271,868.34	52,837,948,607.91
Other current assets	(VIII)14	52,012,996,973.19	42,525,826,872.51
<b>Total current assets</b>		389,948,525,262.62	331,035,467,315.56
<b>Non-current assets:</b>			
Loans and advances	(VIII)15	78,577,101,273.22	46,220,053,713.07
Available-for-sale financial assets	(VIII)16	64,368,156,943.26	50,484,749,497.34
Held-to-maturity investments			
Long-term receivables	(VIII)18	3,976,345,463.86	1,957,243,976.67
Long-term equity investments	(VIII)19	67,500,222,664.05	62,657,515,441.06
Investment properties	(VIII)20	2,909,327,436.89	2,546,831,984.39
Fixed assets	(VIII)21	58,226,659,045.41	47,062,354,250.81
Construction in progress	(VIII)22	16,476,971,494.76	13,266,596,859.09
Materials for construction of fixed assets			
Disposal of fixed assets			
Bearer biological assets			
Oil and gas assets			
Intangible assets	(VIII)27	11,745,315,032.15	10,796,991,720.03
Development expenditure	(VIII)28	1,725,507.76	2,391,298.20
Goodwill	(VIII)29	723,671,120.83	668,658,526.45
Long-term deferred expenses	(VIII)30	1,835,226,124.04	1,542,669,098.09
Deferred tax assets	(VIII)31	24,935,294,382.21	20,852,244,252.47
Other non-current assets	(VIII)32	2,308,589,510.53	1,616,530,785.83
<b>Total non-current assets</b>		333,584,605,998.97	259,674,831,403.50
<b>TOTAL ASSETS</b>		723,533,131,261.59	590,710,298,719.06
<b>Current liabilities:</b>			
Short-term borrowings	(VIII)33	15,717,398,963.92	8,728,150,584.10
Loans from the central bank			
Customer deposits and deposits from banks and other financial institutions	(VIII)34	70,485,676,399.08	43,041,468,926.22
Loans from banks and other financial institutions	(VIII)35	34,930,500,000.00	27,400,000,000.00
Financial liabilities at fair value through profit or loss	(VIII)36	203,623,811.66	-
Derivative financial liabilities			
Notes payable	(VIII)38	16,541,420,529.40	11,740,912,162.92
Accounts payable	(VIII)39	121,119,412,722.34	104,739,834,221.78
Receipts in advance	(VIII)40	27,177,408,061.93	22,675,737,991.07



## SAIC MOTOR ANNUAL REPORT 2017

Financial assets sold under repurchase agreements		319,000,000.00	49,999,900.00
Fees and commissions payable			
Employee benefits payable	(VIII)41	9,939,516,570.41	10,154,726,765.87
Taxes payable	(VIII)42	17,129,176,844.54	13,913,799,886.15
Interest payable		610,559,018.57	445,071,370.07
Dividends payable	(VIII)44	679,330,055.29	255,265,008.62
Other payables	(VIII)45	59,041,743,593.18	45,367,724,182.38
Amounts payable under reinsurance contracts			
Insurance contract reserves			
Funds from securities trading agency			
Funds from underwriting securities agency			
Held-for-sale liabilities			
Non-current liabilities due within one year	(VIII)47	16,936,763,752.55	8,673,620,748.14
Other current liabilities	(VIII)48	140,976,830.85	200,154,593.51
<b>Total current liabilities</b>		<b>390,972,507,153.72</b>	<b>297,386,466,340.83</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	(VIII)49	6,894,020,462.22	4,285,992,305.58
Bonds payable	(VIII)50	7,071,853,349.24	14,160,128,076.50
Including: preferred stock			
Perpetual capital securities			
Long-term payables		182,886,657.29	184,416,188.05
Long-term employee benefits payable	(VIII)51	5,672,806,296.02	6,309,621,019.47
Special payables	(VIII)52	840,803,400.85	824,105,091.72
Provisions	(VIII)53	13,460,917,924.90	12,238,453,168.78
Deferred income	(VIII)54	23,246,470,930.92	17,836,094,586.61
Deferred tax liabilities	(VIII)31	3,085,048,288.11	2,211,579,861.31
Other non-current liabilities			
<b>Total non-current liabilities</b>		<b>60,454,807,309.55</b>	<b>58,050,390,298.02</b>
<b>TOTAL LIABILITIES</b>		<b>451,427,314,463.27</b>	<b>355,436,856,638.85</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	(VIII)57	11,683,461,365.00	11,025,566,629.00
Other equity instruments			
Including: preferred stock			
Perpetual capital securities			
Capital reserve	(VIII)59	54,868,434,877.87	41,112,249,252.90
Less: treasury shares			
Other comprehensive income	(VIII)61	13,853,150,770.24	9,966,472,713.03
Special reserve		409,006,286.66	335,356,348.86
Surplus reserve	(VIII)63	37,746,485,600.86	32,254,579,593.08
General risk reserve		2,080,126,313.35	1,738,792,163.43
Retained earnings	(VIII)64	104,694,637,497.79	95,665,028,936.88
<b>Total shareholders' equity attributable to shareholders of the Company</b>		<b>225,335,302,711.77</b>	<b>192,098,045,637.18</b>
Minority interests		46,770,514,086.55	43,175,396,443.03
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>272,105,816,798.32</b>	<b>235,273,442,080.21</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>723,533,131,261.59</b>	<b>590,710,298,719.06</b>

Head of the Company: Chen Hong

Chief Financial Officer: Wei Yong

Head of Accounting Department: Gu Xiao Qiong

**Balance Sheet of the Company**  
December 31, 2017

Prepared by: SAIC MOTOR CORPORATION LIMITED

Unit: RMB

Item	Notes	December 31, 2017	December 31, 2016
<b>Current assets:</b>			
Cash and bank balances		67,146,098,830.38	55,541,206,630.65
Financial assets at fair value through profit or loss			
Derivative financial assets			
Notes receivable	(XVIII)1	2,064,032,626.26	2,363,400,812.00
Accounts receivable	(XVIII)2	1,256,047,258.09	823,392,904.40
Prepayments		395,995,020.50	313,917,621.52
Interest receivable		552,615,467.54	442,731,121.17
Dividends receivable		1,578,902,378.95	1,191,890,107.96
Other receivables	(XVIII)3	2,542,734,261.86	1,309,158,264.18
Inventories	(XVIII)4	3,571,572,233.70	1,963,030,745.72
Assets held for sale			
Non-current assets due within one year		1,638,390,000.00	-
Other current assets		3,263,579,975.63	2,750,028,980.15
<b>Total current assets</b>		84,009,968,052.91	66,698,757,187.75
<b>Non-current assets:</b>			
Available-for-sale financial assets	(XVIII)5	12,540,293,472.90	10,646,215,752.00
Held-to-maturity investments			
Long-term receivables			
Long-term equity investments	(XVIII)6	114,971,393,203.26	97,435,336,309.14
Investment properties	(XVIII)7	289,897,721.55	300,437,834.77
Fixed assets	(XVIII)8	7,830,465,720.16	4,615,196,962.72
Construction in progress	(XVIII)9	1,089,002,984.32	511,542,527.73
Materials for construction of fixed assets			
Disposal of fixed assets			
Bearer biological assets			
Oil and gas assets			
Intangible assets	(XVIII)10	1,827,782,312.36	1,357,491,250.40
Development expenditure			
Goodwill			
Long-term deferred expenses			
Deferred tax assets			
Other non-current assets		9,466,741,181.36	12,166,816,125.13
<b>Total non-current assets</b>		148,015,576,595.91	127,033,036,761.89
<b>TOTAL ASSETS</b>		232,025,544,648.82	193,731,793,949.64
<b>Current liabilities:</b>			
Short-term borrowings		3,000,000,000.00	500,000,000.00
Financial liabilities at fair value through profit or loss			
Derivative financial liabilities			
Notes payable			
Accounts payable		22,234,097,342.41	15,855,274,854.57
Receipts in advance		1,343,132,138.30	1,388,133,388.31
Employee benefits payable	(XVIII)11	1,887,981,546.50	2,526,191,281.11
Taxes payable		810,534,324.49	532,019,418.47
Interest payable			
Dividends payable			
Other payables		1,473,210,925.31	1,855,010,583.86
Held-for-sale liabilities			
Non-current liabilities due within one year	(XVIII)12	1,454,647,208.39	569,797,570.00
Other current liabilities			
<b>Total current liabilities</b>		32,203,603,485.40	23,226,427,096.32
<b>Non-current liabilities:</b>			
Long-term borrowings			
Bonds payable			

Including: preferred stock			
Perpetual capital securities			
Long-term payables			
Long-term employee benefits payable	(XVIII)13	3,164,345,797.62	3,729,383,850.39
Special payables	(XVIII)14	799,193,690.72	822,960,091.72
Provisions	(XVIII)15	1,587,722,471.21	1,342,327,510.96
Deferred income	(XVIII)16	1,644,991,049.42	527,301,786.46
Deferred tax liabilities	(XVIII)17	1,136,429,634.38	402,317,976.24
Other non-current liabilities			
<b>Total non-current liabilities</b>		8,332,682,643.35	6,824,291,215.77
<b>TOTAL LIABILITIES</b>		40,536,286,128.75	30,050,718,312.09
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital		11,683,461,365.00	11,025,566,629.00
Other equity instruments			
Including: preferred stock			
Perpetual capital securities			
Capital reserve	(XVIII)18	65,129,333,550.92	50,924,492,456.98
Less: treasury shares			
Other comprehensive income	(XVIII)19	7,591,121,037.50	2,827,492,771.52
Special reserve			
Surplus reserve		37,746,485,600.86	32,254,579,593.08
Retained earnings		69,338,856,965.79	66,648,944,186.97
<b>TOTAL SHAREHOLDERS' EQUITY</b>		191,489,258,520.07	163,681,075,637.55
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		232,025,544,648.82	193,731,793,949.64

Head of the Company: Chen Hong

Chief Financial Officer: Wei Yong

Head of Accounting Department: Gu Xiao Qiong

**Consolidated Income Statement**  
January 2017 - December 2017

Unit: RMB

Item	Notes	Year Ended December 31, 2017	Year Ended December 31, 2016
<b>I. Total operating income</b>		870,639,427,000.07	756,414,060,141.04
Including: Operating income	(VIII)65	857,977,717,906.64	746,234,636,304.31
Interest income	(VIII)66	11,159,664,795.06	9,117,963,901.15
Premiums earned			
Fee and commission income	(VIII)67	1,502,044,298.37	1,061,459,935.58
<b>II. Total operating costs</b>		849,399,227,172.90	738,565,055,438.17
Including: Operating costs	(VIII)65	742,382,412,287.81	650,214,770,441.51
Interest expenses	(VIII)66	2,668,651,785.39	2,116,823,298.87
Fee and commission expenses	(VIII)67	160,769,428.00	67,820,339.84
Surrenders			
Claims and policyholder benefits (net of mounts recoverable from reinsurers)			
Changes in insurance contract reserves (net of reinsurers' share)			
Insurance policyholder dividends			
Expenses for reinsurance accepted			
Taxes and levies	(VIII)68	7,881,675,841.21	7,520,718,033.98
Selling expenses	(VIII)69	61,121,680,109.09	47,503,416,645.57
Administrative expenses	(VIII)70	31,301,208,214.62	28,264,617,745.33
Financial expenses	(VIII)71	143,234,567.86	-332,582,472.54
Impairment losses of assets	(VIII)72	3,739,594,938.92	3,209,471,405.61
Add: Gain from changes in fair values(loss is indicated by "-")	(VIII)73	-4,335,758.01	-10,023,468.92
Investment income(loss is indicated by "-")	(VIII)74	30,811,608,887.12	30,572,586,643.56
Including: Income from investments in associates and JCEs		28,303,551,928.39	27,751,822,858.82
Gains from disposal of assets (loss is indicated by "-")	(VIII)75	22,246,135.57	153,581,255.25
Foreign exchange gains(loss is indicated by "-")		15,696,149.73	18,271,097.34
Other income	(VIII)76	2,024,571,903.91	-
<b>III. Operating Profit (Loss is indicated by "-")</b>		54,109,987,145.49	48,583,420,230.10
Add: Non-operating income	(VIII)77	868,569,801.89	2,944,166,952.69
Less: Non-operating expenses	(VIII)78	717,544,348.04	1,038,039,892.80
<b>IV. Total profit (loss is indicated by "-")</b>		54,261,012,599.34	50,489,547,289.99
Less: Income tax expenses	(VIII)79	7,144,915,087.15	6,530,495,764.20
<b>V. Net profit (Net loss is indicated by "-")</b>		47,116,097,512.19	43,959,051,525.79
(I) Categorized by the continuity of operation			
(I) Net profit from continuing operations (net loss is indicated by "-")		47,116,097,512.19	43,959,051,525.79
(II) Net profit from discontinued operations (net loss is indicated by "-")			
(II) Categorized by ownership of equity			
1. Profit or loss attributable to minority interests		12,705,758,019.48	11,953,351,009.69
2. Net profit attributable to shareholders of the Company		34,410,339,492.71	32,005,700,516.10
<b>VI. Other comprehensive income, net of tax</b>		3,753,351,673.51	-1,004,780,036.58
Other comprehensive income attributable to shareholders of the Company, net of tax		3,886,678,057.21	-950,320,520.70
(I).Other comprehensive income that will not be reclassified subsequently to profit or loss		635,186,430.13	-326,278,439.57
1. Changes in net liabilities or net assets due to re-measurement of defined benefit plans		635,470,177.59	-325,208,427.95
2. Shares of other comprehensive income that will not be reclassified subsequently to profit or loss of invested entities under equity method		-283,747.46	-1,070,011.62
(II).Other comprehensive income that may be reclassified subsequently to profit or loss		3,251,491,627.08	-624,042,081.13
1. Shares of other comprehensive income that may be reclassified subsequently to profit or loss of invested entities under equity method		-8,406,836.62	85,449,035.00
2. Changes in fair value of available-for-sale financial assets		4,145,124,118.48	-1,335,080,324.33
3. Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets			

4. Effective portion of profit or loss from cash flow hedges			
5. Exchange differences arising on translating		-885,225,654.78	625,589,208.20
6. Others			
Other comprehensive income attributable to minority interests, net of tax		-133,326,383.70	-54,459,515.88
<b>VII. Total comprehensive income</b>		50,869,449,185.70	42,954,271,489.21
Total comprehensive income attributable to shareholders of the Company		38,297,017,549.92	31,055,379,995.40
Total comprehensive income attributable to minority interests		12,572,431,635.78	11,898,891,493.81
<b>VIII. Earnings per share</b>			
(I) Basic earnings per share(RMB/share)		2.959	2.903
(II) Diluted earnings per share(RMB/share)		√N/A	√N/A

For business combination involving enterprise under common control incurred in the current period, the net profit of the acquired entity for the period from the beginning of the year to the date of combination was -1,244,814.88; and the net profit of the acquired entity for the prior year was -3,233,525.04.

Head of the Company: Chen Hong      Chief Financial Officer: Wei Yong  
Head of Accounting Department: Gu Xiao Qiong

**Income Statement of the Company**  
January 2017 - December 2017

Unit: RMB

Item	Notes	Year Ended December 31, 2017	Year Ended December 31, 2016
<b>I. Operating income</b>	(XVIII)20	57,228,436,306.37	33,523,982,028.22
Less: Operating costs	(XVIII)20	47,084,054,324.58	27,908,021,210.00
Taxes and levies		972,055,787.95	713,154,833.78
Selling expenses		6,597,196,731.55	4,229,523,960.44
Administrative expenses		7,136,893,165.84	6,759,056,672.18
Financial expenses		-306,053,060.55	-1,232,286,841.92
Impairment losses of assets	(XVIII)21	132,348,233.64	246,009,777.41
Add: Gain from changes in fair values(loss is indicated by "-")			
Investment income(loss is indicated by "-")	(XVIII)22	31,910,734,152.21	32,446,515,522.96
Including: Income from investments in associates and JCEs		22,981,638,450.33	23,046,941,236.04
Gains from disposal of assets(loss is indicated by "-")		5,964,755.58	-1,067,547.86
Other income		197,955,441.41	-
<b>II. Operating Profit (Loss is indicated by "-")</b>		27,726,595,472.56	27,345,950,391.43
Add: Non-operating income		8,675,063.17	337,877,065.84
Less: Non-operating expenses		275,740,496.88	52,238,315.35
<b>III. Total profit (loss is indicated by "-")</b>		27,459,530,038.85	27,631,589,141.92
Less: Income tax expenses		-	-
<b>IV. Net Profit (Net loss is indicated by "-")</b>		27,459,530,038.85	27,631,589,141.92
(I) Net profit in continued operations (net loss is indicated by "-")		27,459,530,038.85	27,631,589,141.92
(II) Net profit in discontinued operations (net loss is indicated by "-")			
<b>V. Other comprehensive income, net of tax</b>		4,763,628,265.98	-367,860,981.75
(I).Other comprehensive income that will not be reclassified subsequently to profit or loss		624,485,049.06	-334,724,093.58
1. Changes in net liabilities or net assets due to re-measurement of defined benefit plans		624,485,049.06	-334,724,093.58
2. Shares of other comprehensive income that will not be reclassified subsequently to profit or loss of invested entities under equity method			
(II).Other comprehensive income that may be reclassified subsequently to profit or loss		4,139,143,216.92	-33,136,888.17
1. Shares of other comprehensive income that may be reclassified subsequently to profit or loss of invested entities under equity method		-20,822,845.84	75,432,846.02
2. Changes in fair value of available-for-sale financial assets		4,159,966,062.76	-108,569,734.19
3. Held-to-maturity investments reclassified as available-for-sale financial assets			
4.Effective portion of profit or loss from cash flow hedges			
5. Exchange differences arising on translating			
6.Others			
<b>VII. Total comprehensive income</b>		32,223,158,304.83	27,263,728,160.17
<b>VII. Earnings per share</b>			
(I) Basic earnings per share(RMB/share)			
(II) Diluted earnings per share(RMB/share)			

Head of the Company: Chen Hong      Chief Financial Officer: Wei Yong

Head of Accounting Department: Gu Xiao Qiong

**Consolidated Cash Flow Statement**  
January 2017 - December 2017

Unit: RMB

Item	Notes	Year Ended December 31, 2017	Year Ended December 31, 2016
<b>I. Cash flow from operating activities:</b>			
Cash receipts from the sale of goods and rendering of services		960,052,782,008.16	891,624,152,917.55
Net increase in customer deposits and deposits from bank and other financial institutions		27,444,207,472.86	-
Net increase in customer deposits and deposits from banks and other financial institutions			
Net increase in loans from the central bank			
Net increase in taking from banks and other financial institutions			
Cash receipts from premiums under direct insurance contracts			
Net cash receipts from reinsurance business			
Net cash receipts from policyholders' deposits and investment contract liabilities			
Net increase in disposal of financial assets at fair value through profit or loss			
Cash receipts from interests, fees and commissions		16,390,885,695.93	12,137,954,947.50
Net increase in loans from banks and other financial institutions		7,530,500,000.00	3,970,342,199.69
Net increase in financial assets sold under repurchase arrangements		616,152,741.85	-
Receipts of tax refunds		406,580,779.19	315,804,729.84
Other cash receipts relating to operating activities		6,753,340,484.82	3,431,844,530.50
<b>Sub-total of cash inflow from operating activities</b>		1,019,194,449,182.81	911,480,099,325.08
Cash payments for goods purchased and services received		830,902,558,232.32	771,595,033,808.75
Net decrease in customer deposits and deposits from banks and other financial institutions		-	1,133,377,984.39
Net decrease in financial assets sold under repurchase arrangements		-	928,112,855.49
Net increase in loans and advances to customers			
Net increase in balance with the central bank		2,984,907,913.24	285,558,383.51
Net increase in balance with the central bank and due from banks and other financial institutions			
Cash payments for claims and policyholders' benefits under direct insurance contracts			
Net increase in loans and advances		46,493,304,920.86	34,100,724,650.15
Cash payments for interests, fees and commissions		2,664,107,081.89	1,873,216,942.67
Cash payments for insurance policyholder dividends			
Cash payments to and on behalf of employees		33,460,050,486.65	27,911,567,005.55
Payments for various types of taxes		35,372,473,879.85	31,307,759,251.02
Other payments relating to operating activities		43,015,974,732.59	30,983,832,100.77
<b>Sub-total of cash outflow relating to operating</b>		994,893,377,247.40	900,119,182,982.30
<b>Net cash flow from operating activities</b>	(VIII)82	24,301,071,935.41	11,360,916,342.78
<b>II. Cash flow from investing activities:</b>			
Cash receipts from disposal of investments		207,868,030,814.18	305,428,704,452.85
Cash receipts from investment income		29,528,240,077.47	28,538,886,862.19
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		753,466,043.58	1,311,241,931.48
Net cash inflow on disposal of subsidiaries and business entities			
Other cash receipts relating to investing activities		1,187,992,352.33	1,953,383,592.77
<b>Sub-total of cash inflow from investing activities</b>		239,337,729,287.56	337,232,216,839.29
Cash payment to acquire or construct fixed assets, intangible assets and other long-term assets		25,412,358,798.26	17,267,840,851.85
Cash payments to acquire investments		224,325,294,891.86	293,036,078,827.77
Net increase in pledged loans receivables			
Net cash payments for acquisitions of subsidiaries and other business entities		411,034,974.65	474,280,676.67
Net cash payments for disposal of subsidiaries		100,825,164.21	18,836,661.92
Other payments relating to investing activities			
<b>Sub-total of cash outflow relating to investing activities</b>		250,249,513,828.98	310,797,037,018.21
<b>Net cash flow from investing activities</b>		-10,911,784,541.42	26,435,179,821.08
<b>III. Cash flow from financing activities:</b>			
Cash receipts of capital contributions		15,424,989,603.99	5,514,889,666.09
Including: cash receipts of capital contributions from minority shareholders of subsidiaries		565,489,623.19	5,514,889,666.09
Cash receipts from borrowings		18,461,741,849.91	12,741,532,471.17
Cash receipts from bonds issuance		13,768,252,065.19	13,821,280,926.40

SAIC MOTOR ANNUAL REPORT 2017

Other cash receipts relating to financing activities	(VIII)81	173,511,396.43	-
<b>Sub-total of cash inflow from financing activities</b>		47,828,494,915.52	32,077,703,063.66
Cash repayments of borrowings		19,086,206,534.44	12,469,531,734.73
Cash payments for distribution of dividends or profits or settlement of interest expenses		29,228,423,265.42	24,753,281,341.06
Including: payments for distribution of dividends or profit to minority shareholders of subsidiaries		8,513,040,644.03	9,225,573,030.82
Other cash payments relating to financing activities	(VIII)81	4,943,396.23	996,638,269.11
<b>Sub-total of cash outflow relating to financing activities</b>		48,319,573,196.09	38,219,451,344.90
<b>Net cash flow from financing activities</b>		-491,078,280.57	-6,141,748,281.24
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>		-56,456,476.09	305,983,448.60
<b>V. Net increase in cash and cash equivalents</b>		12,841,752,637.33	31,960,331,331.22
Add: Opening balance of cash and cash equivalents	(VIII)82	94,102,422,789.28	62,142,091,458.06
<b>VI. Closing balance of cash and cash equivalents</b>	(VIII)82	106,944,175,426.61	94,102,422,789.28

Head of the Company: Chen Hong      Chief Financial Officer: Wei Yong  
Head of Accounting Department: Gu Xiao Qiong



**Cash Flow Statement of the Company**  
January 2017 - December 2017

Unit: RMB

Item	Notes	Year Ended December 31, 2017	Year Ended December 31, 2016
<b>I. Cash flow from operating activities:</b>			
Cash receipts from the sale of goods and rendering of services		65,290,052,327.48	38,052,265,317.38
Receipts of tax refunds			
Other cash receipts relating to operating activities		2,107,922,619.23	1,615,152,421.88
<b>Sub-total cash inflow from operating activities</b>		67,397,974,946.71	39,667,417,739.26
Cash payments for goods purchased and services rendered		50,234,441,327.87	26,343,886,833.35
Cash payments to and on behalf of employees		3,860,749,334.97	2,986,336,223.28
Payments of various types of taxes		1,201,060,068.78	660,325,762.55
Other cash payments relating to operating activities		10,567,477,744.16	7,472,027,086.69
<b>Sub-total cash outflow relating to operating activities</b>		65,863,728,475.78	37,462,575,905.87
<b>Net Cash Flow from operating activities</b>	(XVIII)23	1,534,246,470.93	2,204,841,833.39
<b>II. Cash flow from investing activities:</b>			
Cash receipts from recovery of investments		9,896,000,000.00	2,945,752,541.99
Cash receipts from investment income		31,925,900,241.26	31,807,110,514.17
Net cash receipts from disposal of fixed assets, intangible assets and other long-term assets		13,232,344.35	1,681,364.30
Net cash inflow on disposal of subsidiaries and business units			
Other cash receipts relating to investing activities			
<b>Sub-total of cash inflow from investing activities</b>		41,835,132,585.61	34,754,544,420.46
Cash payment to acquire or construct fixed assets, intangible assets and other long-term assets		5,071,756,004.79	1,307,500,251.65
Cash payments to acquire investments		24,726,498,100.00	19,503,644,942.77
Net cash payments for acquisitions of subsidiaries and other business entity			
Other cash payments relating to investing activities			
<b>Sub-total cash outflow relating to investing activities</b>		29,798,254,104.79	20,811,145,194.42
<b>Net cash flow from investing activities</b>		12,036,878,480.82	13,943,399,226.04
<b>III. Cash flow from financing activities</b>			
Cash receipts from capital contributions		14,859,499,980.80	-
Cash receipts from borrowings		3,000,000,000.00	500,000,000.00
Cash receipts from bonds issuance			
Other cash receipts relating to financing activities		8,179,245.37	-
<b>Sub-total of cash inflow from financing activities</b>		17,867,679,226.17	500,000,000.00
Cash repayments of borrowings		500,000,000.00	-
Cash payments for distribution of dividends or profits or settlement of interest expenses		19,326,878,083.59	14,994,770,615.44
Other cash payments relating to financing activities		4,943,396.23	-
<b>Sub-total of cash outflow relating to financing activities</b>		19,831,821,479.82	14,994,770,615.44
<b>Net cash flow from financing activities</b>		-1,964,142,253.65	-14,494,770,615.44
<b>IV. Effect of foreign exchange rate changes on cash and cash equivalents</b>			
		-2,090,498.37	-9,119,010.19
<b>V. Net Increase in cash and cash equivalents</b>			
Add: Opening balance of cash and cash equivalents	(XVIII)23	55,541,206,630.65	53,896,855,196.85
<b>VI. Closing Balance of cash and cash equivalents</b>	(XVIII)23	67,146,098,830.38	55,541,206,630.65

Head of the Company: Chen Hong      Chief Financial Officer: Wei Yong

Head of Accounting Department: Gu Xiao Qiong

**Consolidated Statement of Changes in Shareholders' Equity**  
January 2017 - December 2017

Unit: RMB

Item	2017												
	Shareholders' equity attributable to shareholders of the Company											Minority interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less : treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings		
Preferred stock		Perpetual capital securities	Others										
I. Balance as of December 31, 2016	11,025,566,629.00				39,807,249,252.90		9,966,472,713.03	335,356,348.86	32,254,579,593.08	1,738,792,163.43	96,792,960,860.43	43,175,396,443.03	235,096,374,003.76
Add: Changes in accounting policies													
Corrections of prior period errors													
Business combination involving enterprises under common control					1,305,000,000.00						-1,127,931,923.55		177,068,076.45
Others													
II. Balance as of January 1, 2017	11,025,566,629.00				41,112,249,252.90		9,966,472,713.03	335,356,348.86	32,254,579,593.08	1,738,792,163.43	95,665,028,936.88	43,175,396,443.03	235,273,442,080.21
III. Changes during the year (Decrease is indicated by "-")	657,894,736.00				13,756,185,624.97		3,886,678,057.21	73,649,937.80	5,491,906,007.78	341,334,149.92	9,029,608,560.91	3,595,117,643.52	36,832,374,718.11
(I) Total comprehensive income							3,886,678,057.21				34,410,339,492.71	12,572,431,635.78	50,869,449,185.70
(II) Shareholders' contributions and reduction in capital	657,894,736.00				14,204,841,093.94							565,489,623.19	15,428,225,453.13
1. Ordinary shares from shareholders	657,894,736.00				14,204,841,093.94							565,489,623.19	15,428,225,453.13
2. Capital contribution from other equity instrument holders													
3. Share-based payment recognized in shareholders' equity													
4. Others													
(III) Profit distribution					2,726,814.01				5,491,906,007.78	341,334,149.92	-25,334,773,674.87	-9,204,045,104.84	-28,702,851,808.00
1. Transfer to surplus reserve									5,491,906,007.78		-5,491,906,007.78		
2. Transfer to general risk reserve										341,334,149.92	-341,334,149.92		
3. Distributions to shareholders											-19,277,711,252.25	-8,937,105,690.70	-28,214,816,942.95
4. Others					2,726,814.01						-223,822,264.92	-266,939,414.14	-488,034,865.05
(IV) Transfers within shareholders' equity													
1. Capitalization of capital reserve													
2. Capitalization of													

SAIC MOTOR ANNUAL REPORT 2017

surplus reserve													
3.Loss offset by surplus reserve													
4.Others													
(V) Special reserve							73,649,937.80				18,114,477.69		91,764,415.49
1.Provision for special reserve							102,703,422.10				32,171,501.44		134,874,923.54
2.Use of special reserve							29,053,484.30				14,057,023.75		43,110,508.05
(VI) Others						-451,382,282.98					-45,957,256.93	-356,872,988.30	-854,212,528.21
<b>IV Balance as of December 31, 2017</b>	11,683,461,365.00					54,868,434,877.87	13,853,150,770.24	409,006,286.66	37,746,485,600.86	2,080,126,313.35	104,694,637,497.79	46,770,514,086.55	272,105,816,798.32

Item	2016												
	Shareholders' equity attributable to shareholders of the Company											Minority interests	Total shareholders' equity
	Share capital	Other equity instruments			Capital reserve	Less : treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Retained earnings		
Preferred stock		Perpetual capital securities	Others										
I. Balance as of December 31, 2015	11,025,566,629.00				38,939,769,815.73		10,916,793,233.73	275,789,416.38	26,728,261,764.70	844,919,712.17	86,397,638,086.22	35,788,547,062.28	210,917,285,720.21
Add: Changes in accounting policies													
Corrections of prior period errors													
Business combination involving enterprises under common control					1,305,000,000.00						-1,125,021,751.00		179,978,249.00
Others													
II. Balance as of January 1, 2016	11,025,566,629.00				40,244,769,815.73		10,916,793,233.73	275,789,416.38	26,728,261,764.70	844,919,712.17	85,272,616,335.22	35,788,547,062.28	211,097,263,969.21
II. Changes during the year (Decrease is indicated by "-")					867,479,437.17		-950,320,520.70	59,566,932.48	5,526,317,828.38	893,872,451.26	10,392,412,601.66	7,386,849,380.75	24,176,178,111.00
(I) Total comprehensive income							-950,320,520.70				32,005,700,516.10	11,898,891,493.81	42,954,271,489.21
(II) Shareholders' contributions and reduction in capital												5,688,827,866.09	5,688,827,866.09
1. Ordinary shares from shareholders													
2. Capital contribution from other equity instrument holders													

SAIC MOTOR ANNUAL REPORT 2017

3. Share-based payment recognized in shareholders' equity													
4. Others												5,688,827,866.09	5,688,827,866.09
(III) Profit distribution				691,909.88				5,526,317,828.38	893,872,451.26	-21,613,287,914.44	-9,261,927,816.53	-24,454,333,541.45	
1. Transfer to surplus reserve								5,526,317,828.38		-5,526,317,828.38			
2. Transfer to general risk reserve									893,872,451.26	-893,872,451.26			
3. Distributions to shareholders										-14,994,770,615.44	-9,032,296,312.50	-24,027,066,927.94	
4. Others				691,909.88						-198,327,019.36	-229,631,504.03	-427,266,613.51	
(IV) Transfers within shareholders' equity													
1. Capitalization of capital reserve													
2. Capitalization of surplus reserve													
3. Loss offset by surplus reserve													
4. Others													
(V) Special reserve								59,566,932.48				9,619,037.82	69,185,970.30
1. Provision for special reserve								89,562,781.54				24,589,881.36	114,152,662.90
2. Use of special reserve								29,995,849.06				14,970,843.54	44,966,692.60
(VI) Others				866,787,527.29								-948,561,200.44	-81,773,673.15
<b>IV Balance as of December 31, 2016</b>	11,025,566,629.00			41,112,249,252.90		9,966,472,713.03	335,356,348.86	32,254,579,593.08	1,738,792,163.43	95,665,028,936.88	43,175,396,443.03	235,273,442,080.21	

Head of the Company: Chen Hong

Chief Financial Officer: Wei Yong

Head of Accounting Department: Gu Xiao Qiong

**Statement of Changes in Shareholders' Equity of the Company**  
January 2017 - December 2017

Unit: RMB

Item	2017										
	Share capital	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
		Preferred stock	Perpetual capital securities	Others							
I. Balance as of December 31, 2016	11,025,566,629.00				50,924,492,456.98		2,827,492,771.52		32,254,579,593.08	66,648,944,186.97	163,681,075,637.55
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Balance as of January 1, 2017	11,025,566,629.00				50,924,492,456.98		2,827,492,771.52		32,254,579,593.08	66,648,944,186.97	163,681,075,637.55
III. Changes during the year (decrease is indicated by "-")	657,894,736.00				14,204,841,093.94		4,763,628,265.98		5,491,906,007.78	2,689,912,778.82	27,808,182,882.52
(I) Total comprehensive income							4,763,628,265.98			27,459,530,038.85	32,223,158,304.83
(II) Shareholders' contributions and reduction in capital	657,894,736.00				14,204,841,093.94						14,862,735,829.94
1. Ordinary shares from shareholders	657,894,736.00				14,204,841,093.94						14,862,735,829.94
2. Capital contribution from other equity instrument holders											
3. Share-based payment recognized in shareholders' equity											
4. Others											
(III) Profit distribution									5,491,906,007.78	-24,769,617,260.03	-19,277,711,252.25
1. Transfer to surplus reserve									5,491,906,007.78	-5,491,906,007.78	
2. Distribution to shareholders										-19,277,711,252.25	-19,277,711,252.25
3. Others											
(IV) Transfers within shareholders' equity											
1. Capitalization of capital reserve											
2. Capitalization of surplus reserve											
3. Loss offset by surplus reserve											
4. Others											
(V) Special reserve											
1. Provision for special reserve											
2. Use of special reserve											
(VI) Others											
<b>Balance as of December 31, 2017</b>	11,683,461,365.00				65,129,333,550.92		7,591,121,037.50		37,746,485,600.86	69,338,856,965.79	191,489,258,520.07

SAIC MOTOR ANNUAL REPORT 2017

Item	2016										
	Share capital	Other equity instruments			Capital reserve	Less : treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Retained earnings	Total shareholders' equity
		Preferred stock	Perpetual capital securities	Others							
I. Balance as of December 31, 2015	11,025,566,629.00				50,924,492,456.98		3,195,353,753.27		26,728,261,764.70	59,538,443,488.87	151,412,118,092.82
Add: Changes in accounting policies											
Corrections of prior period errors											
Others											
II. Balance as of January 1, 2016	11,025,566,629.00				50,924,492,456.98		3,195,353,753.27		26,728,261,764.70	59,538,443,488.87	151,412,118,092.82
III. Changes during the year (decrease is indicated by "-")							-367,860,981.75		5,526,317,828.38	7,110,500,698.10	12,268,957,544.73
(I) Total comprehensive income							-367,860,981.75			27,631,589,141.92	27,263,728,160.17
(II) Shareholders' contributions and reduction in capital											
1. Ordinary shares from shareholders											
2. Capital contribution from other equity instrument holders											
3. Share-based payment recognized in shareholders' equity											
4. Others											
(III) Profit distribution									5,526,317,828.38	-20,521,088,443.82	-14,994,770,615.44
1. Transfer to surplus reserve									5,526,317,828.38	-5,526,317,828.38	
2. Distribution to shareholders										-14,994,770,615.44	-14,994,770,615.44
3. Others											
(IV) Transfers within shareholders' equity											
1. Capitalization of capital reserve											
2. Capitalization of surplus reserve											
3. Loss offset by surplus reserve											
4. Others											
(V) Special reserve											
1. Provision for special reserve											
2. Use of special reserve											
(VI) Others											
<b>IV Balance as of December 31, 2016</b>	11,025,566,629.00				50,924,492,456.98		2,827,492,771.52		32,254,579,593.08	66,648,944,186.97	163,681,075,637.55

Head of the Company: Chen Hong

Chief Financial Officer: Wei Yong

Head of Accounting Department: Gu Xiao Qiong

### III. THE COMPANY'S PROFILE

#### 1. General

Applicable    N/A

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

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

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

As of December 31, 2017, the Company's total share capital was RMB 11,683,461,365.00 in 11,683,461,365 shares, of which SAIC held 8,323,028,878 shares, accounting for 71.24% of the total shares, and other public shareholders held 3,360,432,487 shares, accounting for 28.76% of the total shares.

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

The Company's parent company is SAIC, which is a state-owned enterprise supervised by State-owned Assets Supervision and Administration Commission of Shanghai Municipal Government.

#### 2. Scope of the consolidated financial statements

Applicable    N/A

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

## IV. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

### 1. Basis of preparation

#### Basis of preparation

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

#### Basis of accounting and principle of measurement

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

Where the historical cost is adopted as the measurement basis, assets are recorded at the amount of cash and cash equivalents paid or the fair value of the consideration given to acquire them at the time of their acquisition. Liabilities are recorded at the amount of proceeds or assets received or the contractual amounts for assuming the present obligation, or, at the amounts of cash and cash equivalents expected to be paid to settle the liabilities in the normal course of business.

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

Fair value measurements are categorized into Level 1, 2 or 3 based on 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:

- 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 inputs within Level 1, that are observable for the asset or liability
- Level 3 inputs are unobservable inputs for the asset or liability.

### 2. Going-concern

Applicable    N/A

The Group assessed its ability to continue as a going concern for the 12 months from December 31, 2017 and did not notice any events or circumstances that may cast significant doubt upon its ability to continue as a going concern. Therefore, the financial statements have been prepared on a going concern basis.

## V. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

Tips on specific accounting policies and accounting estimates:

Applicable    N/A

### 1. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements of the Company have been prepared in accordance with Accounting Standards for Business Enterprises, and present truly and completely, the consolidated and the Company's financial position as of December 31, 2017, and the consolidated and the Company's results of operations and cash flows for the year then ended.

### 2. Accounting period

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



### 3. Operating cycle

Applicable    N/A

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

### 4. Functional currency

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

### 5. Business combination and preparation of consolidated financial statements

Applicable    N/A

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

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

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

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

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

#### 5.2. Business combination not involving enterprises under common control and goodwill

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

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

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

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

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

## **6. Preparation of consolidated financial statements**

Applicable    N/A

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

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

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

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

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

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

All significant intra-group balances and transactions are eliminated on consolidation.

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

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

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

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

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

When the Group loses control of a subsidiary in two or more arrangements (transactions), terms and conditions of the arrangements (transactions) and their economic effects are considered. One or more of the following indicate that the Group shall account for the multiple arrangements as a single transaction:: (i) they are entered into at the same time or in contemplation of each other; (ii) they form a single transaction designed to achieve an overall commercial effect; (iii) the occurrence of one arrangement is dependent on the occurrence of at least one other arrangement; (iv) one arrangement considered on its own is not economically justified, but it is economically justified when considered together with other arrangements. If the transactions of disposal of equity interest of a subsidiary are assessed as a single transaction, these transactions are accounted for as one transaction of disposal of a subsidiary. Before losing control, the difference of consideration received on disposal and the share of net assets of the subsidiary continuously calculated from acquisition date is recognized as other comprehensive income. When losing control, the cumulated other comprehensive income is transferred to profit or loss of the period of losing control. If the transactions of disposal of equity investment of a subsidiary are not assessed as a single transaction, these transactions are accounted for as unrelated transactions.

#### Special purpose trust

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

**7. Classification of joint arrangement and accounting treatment of joint operation**

√Applicable    □N/A

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

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

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

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

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

When the Group invest or sell assets or others (except that such assets constitute a business), only profit or loss arising from the transaction attributable to parties involved in such joint operation is recognized prior to the resale of the assets to third parties by joint operations. When there is impairment of the asset investment or sale, the Group recognizes such loss in full.

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

**8. Recognition criteria of cash and cash equivalents**

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

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

√Applicable    □N/A

**9.1 Transactions denominated in foreign currencies**

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

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

amounts (other than the amortized cost) of available-for-sale monetary items are recognized as other comprehensive income.

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

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

## 9.2 Translation of financial statements denominated in foreign currencies

For the purpose of preparing the consolidated financial statements, financial statements of a foreign operation are translated from the foreign currency into RMB using the following method: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date, shareholders' equity items except for retained earnings are translated at the spot exchange rates at the dates on which such items arose, all items in the income statement as well as items reflecting the distribution of profits are translated at the spot exchange rates on the dates of the transactions, the opening balance of retained earnings is the translated closing balance of the previous year's retained earnings, the closing balance of retained earnings is calculated and presented on the basis of each translated income statement and profit distribution item. The difference between the translated assets and the aggregate of liabilities and shareholders' equity items is separately presented as the exchange differences arising on translation of financial statements denominated in other comprehensive income under the shareholders' equity in the balance sheet.

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

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

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

When the Group decreases equity interest in a foreign operation without losing control by partial disposal or other means, the proportionate share of accumulated exchange differences arising on translation of financial statements are re-attributed to minority interests and are not recognized in profit and loss. For partial disposals of equity interests in foreign operations which are associates or joint ventures, the proportionate share of the accumulated exchange differences arising on translation of financial statements of foreign operations is reclassified to profit or loss.

## **10. Financial instruments**

Applicable    N/A

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

For financial assets and financial liabilities at fair value through profit or loss, transaction costs are immediately recognized in profit or loss. For other financial assets and financial liabilities, transaction costs are included in their initial recognized amounts.

#### 10.1 Effective interest method

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

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

#### 10.2 Classification, recognition and measurement of financial assets

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

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

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

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

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

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

##### 10.2.2 Held-to-maturity investments

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

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

#### 10.2.3 Loans and receivables

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

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

#### 10.2.4 Available-for-sale financial assets

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

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

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

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

### 10.3 Impairment of financial assets

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

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

- (1) Significant financial difficulty of the issuer or obligor,
- (2) A breach of contract by the borrower, such as a default or delinquency in interest or principal payments,
- (3) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting a concession to the borrower,
- (4) It becoming probable that the borrower will enter bankruptcy or other financial reorganizations,
- (5) The disappearance of an active market for that financial asset because of financial difficulties of the issuer,
- (6) Upon an overall assessment of a group of financial assets, observable data indicates that there is a measurable decrease in the estimated future cash flows from the group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the group. Such observable data includes:
  - Adverse changes in the payment status of borrower in the group of assets;
  - Economic conditions in the country or region of the borrower which may lead to a failure to pay the group of assets,

- (7) Significant adverse changes in the technological, market, economic or legal environment in which the issuer operates, indicating that the cost of the investment in the equity instrument may not be recovered by the investor,
- (8) A significant or prolonged decline in the fair value of an investment in an equity instrument. At each balance sheet date, the Group assesses available-for-sale equity instruments on an item-by-item basis. Impairment is indicated when the fair value of an equity instrument is lower than its initial investment cost over 50% (including 50%) or the fair value has been lower than its initial investment cost for over 12 months (including 12 months).
- (9) Other objective evidence indicating there is an impairment of a financial asset.

- Impairment of financial assets measured at amortized cost

If financial assets carried at amortized cost are impaired, the carrying amounts of the financial assets are reduced to the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The amount of reduction is recognized as an impairment loss in profit or loss. If, subsequent to the recognition of an impairment loss on financial assets carried at amortized cost, there is objective evidence of a recovery in value of the financial assets which can be related objectively to an event occurring after the impairment is recognized, the previously recognize impairment loss is reversed. However, the reversal is made to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

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

- Impairment of available-for-sale financial assets

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

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

- Impairment of financial assets measured at cost

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



#### 10.4 Transfer of financial assets

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

- (1) The contractual right of receiving cash flow of financial assets has been transferred,
- (2) Although the financial assets have been transferred, the Group retains the contractual right of receiving cash flow of financial assets and undertakes obligation of paying received cash flow to final recipient,
  - When receiving cash flow from financial assets, the obligation of paying to final recipients should be undertaken. The Group incurs short-term advance payment, and has the right of recovering all advances and receiving interests calculated by bank loan interest, meeting the criteria;
  - According to agreement of contract, the financial assets cannot be sold or taken as collateral, but they can be the guarantee of paying cash flow to final recipients;
  - Obligation of paying received cash flow to final recipients. The Group has no right of using cash flow to reinvest, except that the Group uses cash and cash equivalents to invest during interval of two payments. The Group reinvests according to contract agreement, and the investment income should be paid to final recipients according to contract agreement.

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

- (1) Contractual right of receiving cash flow from the financial asset terminates;
- (2) The financial asset has been transferred, and meets one of the following conditions:
  - The Group has transferred almost all risks and reward of the financial asset;
  - The Group has not retained or transferred ownership of the financial asset, and not keeps control on the financial asset.

If the financial asset has been transferred and the risks and reward of its ownership has not been retained, and the control of the financial asset has not been transferred, the Group will recognize related financial asset according to the extent of the Group's continuing involvement in the transferred asset.

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

#### 10.5 Classification, recognition and measurement of financial liabilities

Debt and equity instruments issued by the Group are classified into financial liabilities or equity on the basis of the substance of the contractual arrangements and the economic nature not merely its legal form.

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

##### 10.5.1 Financial liabilities at fair value through profit or loss

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

A financial liability is classified as held for trading if one of the following conditions is satisfied: (1) It has been acquired principally for the purpose of repurchasing in the near term; (2) On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and there is objective evidence that the Group has a recent actual pattern of short-term profit-taking; (3) It is a derivative, except for a derivative that is a designated and effective hedging instrument, or a financial

guarantee contract, or a derivative that is linked to and must be settled by delivery of an unquoted equity instrument (without a quoted price in an active market) whose fair value cannot be reliably measured.

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

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

#### 10.5.2 Other financial liabilities

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

#### 10.5.3 Financial guarantee contracts

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

#### 10.6 Derecognition of Financial Liabilities

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

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

#### 10.7 Derivatives and embedded derivatives

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

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

#### 10.7.1 Convertible loan notes

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

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

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

#### 10.8 Offsetting financial assets and financial liabilities

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

#### 10.9 Equity instruments

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

### **11. Receivables**

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

Applicable    N/A

Basis or monetary criteria for determining an individually significant receivable	A receivable that exceeds RMB100 million or other receivable that exceeds RMB50 million is deemed as an individually significant receivable by the Group.
---	---

Method of determining provision for receivables that are individually significant and for which bad debt provision is individually assessed	For receivables that are individually significant, the Group assesses the receivables individually for impairment. For a financial asset that is not impaired individually, the Group includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Receivables for which an impairment loss is individually recognized are not included in a collective assessment of impairment.
---	--

**(2). Receivables for which bad debt provision is collectively assessed on a credit risk characteristic portfolio basis**

Applicable N/A

Bad debt provision method for a credit risk characteristic portfolio (aging analysis, percentage of total receivables outstanding, other methods)	
Basis for determining a credit risk characteristic portfolio	The Group classifies the receivables that are not individually significant and those that are individually significant but are not impaired individually into groups of financial assets according to the similarity and relevance of credit risk characteristics. These credit risks usually reflect the debtors' ability to pay the amounts due at maturity under contractual terms of related assets and are related to the estimation of future cash flows of the assets subject to assessment.
Bad debt provision method for a credit risk characteristic portfolio	While assessing the provision of bad debt on a portfolio basis, the provision is measured in consideration of the structure of accounts receivable and similar credit risk characteristics (aging of accounts receivable), similar credit risk characteristics (the ability of debtor repay the due amount required by the contract), experiences gained in past period, current economic circumstances and the expected impairment of the Group and recognized under aging analysis method.

Bad debt provision made under aging analysis method on a portfolio basis

Applicable N/A

Bad debt provision made under percentage of total receivables outstanding method on a portfolio basis

Applicable N/A

Bad debt provision made under other method on a portfolio basis

Applicable N/A

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

Applicable N/A

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

**12. Inventories**

√Applicable    □N/A

12.1 Categories of inventories

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

12.2 Valuation method of inventories upon delivery

Upon delivery of inventories, the weighted average method is used to assign the actual cost of inventories.

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

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

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

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

For inventories, provision for inventory depreciation is made according to the difference between the cost of an individual inventory item and its realizable net value.

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

12.4 Inventory count system

The perpetual inventory system is maintained for stock system.

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

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

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

**13. Assets held for sale**

√Applicable    □N/A

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

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

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

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

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

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

#### **14. Long-term equity investments**

Applicable    N/A

##### 14.1 Determination of control, joint control and significant influence

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

##### 14.2 Determination of initial investment cost

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

investment cost and the sum of carrying amount of equity investments previously held in the acquiree and the new investment cost is adjusted to capital reserve. If the balance of capital reserve is not sufficient, any excess is adjusted to retained earnings. Other comprehensive income recognized for the previously held equity investments by accounting treatment of equity method or available-for-sale financial assets is not subject to accounting treatment temporarily.

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

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

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

#### 14.3 Subsequent measurement and recognition of profit or loss

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

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

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

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

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

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

Under the equity method, the Group recognizes its share of the net profit or loss of the investee for the period as investment income or loss for the period. The Group recognizes its share of the investee's net profit or loss based on the fair value of the investee's individual separately identifiable assets, etc. at the acquisition date after making appropriate adjustments to conform with the Group's accounting policies and accounting period. Unrealized profits or losses resulting from the Group's transactions with its associates and joint ventures are recognized as investment income or loss to the extent that those attributable to the Group's equity interest are eliminated. However, unrealized losses resulting from the Group's transactions with its associates and joint ventures which represent impairment losses on the transferred assets are not eliminated. Changes in owners' equity of the investee other than net profit or loss are correspondingly adjusted to the carrying amount of the long-term equity investment, and recognized as other comprehensive income which is included in the capital reserve.

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

For long-term equity investments in associates and joint ventures which had been held by the Group before its first-time adoption of ASBE on January 1, 2007, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the investee's net assets at the time of acquisition, the excess is amortized and is recognized in profit or loss on a straight line basis over the original remaining life.

#### 14.4 Disposal of long-term equity investments

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

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

For the Group loses joint control or significant influence on investee after part disposal of shares, remaining shares after disposal are accounted according to recognition and measurement of financial instruments, the difference between fair value at the date of losing joint control or significant influence and book value is recognized in profit or loss of current period. Other comprehensive income recognized



under equity method, is accounted on the basis of related assets or liabilities when stop using equity method, change of owners' equity except for net profit or loss, other comprehensive income and profit distribution is recognized in profit or loss of current period

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

## 15. Investment properties

### (1). If measured at cost:

Depreciation or amortization

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

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

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

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

## 16. Fixed assets

### (1). Recognition criteria for fixed assets

Applicable    N/A

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

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

### (2). Depreciation method

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

Applicable    N/A

Category	Depreciation method	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	Straight-line	8 - 50	0 - 10	1.8 - 12.5
Machinery and equipment	Straight-line	5 - 20	0 - 10	4.5 - 20

Electronic equipment, appliance and furniture	Straight-line	2 - 20	0 - 10	4.5 - 50
Transportation vehicles	Straight-line	3 - 12	0 - 10	7.5 - 33.33
Molds	Units of production method, etc.	Not applicable	0 - 5	Not applicable

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

### (3). Identification, valuation and depreciation method for fixed assets under finance lease

Applicable N/A

At the beginning of lease term, the lower between fair value of lease assets at the beginning of lease term and present value of the least payment is recognized as book value of lease assets, and recognize least payment as book value of long-term payables, and the difference is unrecognized financial charge. In addition, in the process of lease negotiating and signing lease contract, initial direct expense attributable to lease item is recognized in value of assets.

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

### (4). Other particulars

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

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

### 17. Construction in progress

Applicable N/A

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

### 18. Borrowing costs

Applicable N/A

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

Where funds are borrowed under a specific-purpose borrowing, the amount of interest to be capitalized is the actual interest expense incurred on that borrowing for the period less any bank interest earned from depositing the borrowed funds before being used on the asset or any investment income on the temporary investment of those funds. Where funds are borrowed under general-purpose borrowings, the Group

determines the amount of interest to be capitalized on such borrowings by applying a capitalization rate to the weighted average of the excess of cumulative expenditures on the asset over the amounts of specific-purpose borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings. During the capitalization period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss in the period in which they are incurred.

#### 19. Biological assets

Applicable N/A

#### 20. Oil and gas assets

Applicable N/A

#### 21. Intangible assets

##### (1). Valuation method, useful life and impairment testing

Applicable N/A

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

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

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

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

##### (2). Internal research and development expenditure

Applicable N/A

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

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

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

If the expenditures cannot be distinguished between the research phase and development phase, the Group recognizes all of them in profit or loss for the period.

**22. Impairment of long-term assets**

√Applicable    □N/A

The Group assesses at each balance sheet date whether there is any indication that long-term equity investment, investment property, fixed assets and construction in progress and the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

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

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

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

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

**23. Long-term prepaid expenses**

√Applicable    □N/A

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

**24. Employee benefits****(1) Accounting treatment of short-term benefits**

√Applicable    □N/A

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

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

**(2) Accounting treatment of post-employment benefits**

√Applicable    □N/A

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

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

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

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

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

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

### **(3) Accounting treatment of termination benefits**

Applicable    N/A

A liability for a termination benefit is recognized at the earlier of when the Group can no longer unilaterally withdraw the offer of the termination benefit and when the Group recognizes any related restructuring costs.

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

### **(4) Accounting treatment of other long-term employee benefit**

Applicable    N/A

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

## **25. Provisions**

Applicable    N/A

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

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

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

## 26. Share-based payment

Applicable N/A

## 27. Preferred stock, perpetual capital securities and other financial instruments

Applicable N/A

## 28. Revenue

Applicable N/A

### 28.1 Revenue from sale of goods

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

### 28.2 Revenue from rendering of services

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

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

## 29. Government grants

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

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

### (1) Identification and accounting treatment of government grants related to assets

Applicable N/A

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

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

**(2) Identification and accounting treatment of government grants related to income**

Applicable    N/A

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

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

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

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

Relocation compensation received for relocation in the public interests

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

**30. Deferred tax assets/ deferred tax liabilities**

Applicable    N/A

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

30.1 Current income tax

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

30.2 Deferred tax assets and deferred tax liabilities

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

Deferred tax is generally recognized for all temporary differences. Deferred tax assets for deductible temporary differences are recognized to the extent that it is probable that taxable profits will be available against which the deductible temporary differences can be utilized. However, for temporary differences associated with the initial recognition of goodwill and the initial recognition of an asset or liability arising

from a transaction (not a business combination) that affects neither the accounting profit nor taxable profits (or deductible losses) at the time of transaction, no deferred tax asset or liability is recognized.

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

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

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

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

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

### 30.3 Offset of income tax

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

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

## **31. Leases**

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

### **(1) Accounting treatment of operating lease**

Applicable    N/A

#### 31.1.1 The Group as lessee under operating leases

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



31.1.2 The Group as lessor under operating leases

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

**(2) Accounting treatment of finance lease**

Applicable    N/A

31.2.1 The Group as lessee under finance leases

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

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

31.2.2 The Group as lessor under finance leases

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

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

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

**32. Other important accounting policies and accounting estimates**

Applicable    N/A

32.1 Hedge accounting

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

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

32.1.1 Cash flow hedges

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

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

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

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

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

### 32.2 Transfer of assets under repurchase agreement

#### 32.2.1 Financial assets purchased under resale agreements

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

#### 32.2.2 Financial assets sold under repurchase agreements

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

### 32.3 Debt restructuring

#### Recording of debt restructuring obligation as the debtor

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

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

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

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

#### 32.4 Safe production fund

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

### 33. Significant changes in accounting policies and estimates

#### (1) Changes in significant accounting policies

Applicable    N/A

Changes in accounting policies and reasons	Approval procedure	Remarks (Name and amount of significantly affected items)
<p>The Group started to adopt the <i>Accounting Standard for Business Enterprise No.42 Held-for-sale Non-current Assets and Disposal Groups and Discontinued Operations</i> issued by Ministry of Finance ("MoF") in 2017, and the <i>Accounting Standard for Business Enterprise No.16 - Government Grants</i> revised by MoF in 2017 from May 28, 2017 and June 12, 2017 respectively. Besides, the financial statements have been prepared in accordance with the <i>Notice of the Revised Format of Financial Statements for General Business Enterprise</i> (Cai Kuai (2017) No. 30, hereinafter referred to as the "Cai Kuai No.30 Document") released by the MoF on December 25, 2017.</p> <p><u>Held-for-sale Non-current Assets and Disposal Groups and Discontinued Operations</u></p> <p><i>Accounting Standard for Business Enterprise No.42 Held-for-sale Non-current Assets and Disposal Groups and Discontinued Operations</i> specifies regulations for classifications and measurement of held-for-sale non-current assets or disposal group, requiring separately present profit or loss arising from continued operations or discontinued operations in the income statement with detailed disclosures about information of the held-for-sale non-current assets or disposal group and discontinued operations. This standard requires retrospective approach for accounting treatment, which has no impact on the financial statements for the comparable years.</p> <p><u>Government grants</u></p> <p>Prior to the implementation of the <i>Accounting Standard for Business Enterprise No.16 - Government Grants (revised)</i>, a government grant related to an assets of the Group is recognized as deferred income and evenly amortized to non-operating income over the useful life of the related assets. 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 included in profit or loss over the periods in which the related costs are recognized. If the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss for the period.</p> <p>After the implementation of the <i>Accounting Standard for Business Enterprise No.16 - Government Grants (revised)</i>, a government grant related to an asset is recognized as</p>	<p>These changes in accounting policy is approved by the Company's board meeting on March 28, 2018.</p>	

<p>deferred income or charged against the carrying amount of related assets, and included in profit or loss over the useful life of the related asset. For a government grant related to an 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 included in profit or loss or charged against the related cost over the periods in which the related costs or losses are recognized; if the grant is a compensation for related expenses or losses already incurred, the grant is recognized immediately in profit or loss or charged against related cost for the period. A government grant related to the Group's daily activities is recognized in other income based on the nature of economic activities; a government grant is not related to the Group's daily activities is recognized in non-operating income and expenses.</p> <p>The Group has accounted for the above change in accounting policy prospectively. Such changes in accounting policy has no impact on the financial statements for the comparable years.</p> <p><u>Presenting profit or loss from disposal of assets</u></p> <p>Prior to the release of the Cai Kuai No. 30 Document, the gains or losses recognized from sales of held-for-sale non-current assets (excluding financial instruments, long-term equity investment or investment properties) or disposal group, and gains or losses arising from disposal of fixed assets, construction in progress, and intangible assets not classified as held-for-sale are presented under the item of "non-operating income" or "non-operating expenses". After the release of the Cai Kuai No.30 Document, gains or losses recognized from sales of held-for-sale non-current assets (excluding financial instruments, long-term equity investment or investment properties) or disposal groups, and gains or losses arising from disposal of fixed assets, construction in progress, and intangible assets not classified as held-for-sale are presented under the item of "income from disposal of assets". The Group has re-presented the comparable figures for prior year for the above change in presenting accounts.</p>		
---	--	--

## (2) Changes in significant accounting estimates

Applicable N/A

## 34. Others

Applicable N/A

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

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

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

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

### Bad debt provision for receivables

The Group recognizes bad debt provision for receivables based on the assessment of the collectability of receivables. When there are indications that the collectability of receivables is in doubt, the Group recognizes bad debt provision. The management needs to make assumptions and judgement according to history of the collection, aging and financial condition of debtors when estimating bad debt provision, so

the estimate of bad debt provision has uncertainty. If actual bad debt or re-estimate result is different from the current estimate, the difference will affect the book value of receivables during the period of changing estimate.

#### Provision for decline in value of inventory

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

#### Impairment of non-current assets

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

#### Estimated useful life and residual value of fixed assets

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

#### Capitalization of development expenditure

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

#### Estimate of provision for warranty

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

#### Recognition of deferred tax assets

As of end of the year and beginning of the year, the Group recognized deferred tax assets amounting to RMB 25,006,895,609.45 and RMB 20,853,981,181.00, respectively. Realization of deferred tax assets majorly depends on the future deductible taxable profits, and the tax rate of the period when deductible loss and temporary differences are utilized. If it is probable that sufficient taxable profit will not be available in future periods or the applicable tax rate is lower than the estimation to allow the benefit of the deferred tax asset to be realized, the carrying amount of the deferred tax asset is reversed and recognized

in the profit or loss. In addition, as stated in Note (VIII) 31, at the beginning and the end of the year, it was uncertain whether the Group could obtain sufficient taxable profits in the future, certain deductible losses and deductible temporary differences were not recognized as deferred tax assets.

#### Actuarial valuation of defined benefit plans obligation

The Group provides benefits to retired employees, employees in position and early-retired employees and this supplementary retirement benefits, which are defined benefit plans. The Group engaged professional institution to conduct actuarial valuation for liabilities and expenses of defined benefit plans.

The amount of the supplementary retirement benefit expenses and liabilities are calculated by assumptions. The Group determined discount rate on the basis of government bonds rate, death rate on the basis of "China Life Insurance Mortality Table (2010-2013)" and benefit increase rate on basis of price index. If there is difference between reassessment of related assumptions and current assessment, the difference will change liabilities of defined benefit plans and other comprehensive income.

## VII TAXES

### 1. Major categories of taxes and tax rates of the Group

Major categories of taxes and tax rates of the Group

Applicable    N/A

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

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

The applicable enterprise income tax rates for the Company and major subsidiaries of the Group for the current year are as follows:

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

Applicable    N/A

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

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

## 2. Tax incentives

Applicable    N/A

- (1) According to "Enterprise Income Tax Law of the People's Republic of China" (hereinafter referred to as "EIT Law") and other related regulations, the Company is recognized as a High-Technology Enterprise which is qualified to get the state's special support from 2008. In 2011, the Company passed the reassessment of High-Technology Enterprise; in 2014 and 2017, the Company has passed the recognition of qualifications of High-Technology Enterprise and obtained the certificate of High-Technology Enterprise. So the applicable income tax rate for the Company is 15% for the current year and last year.
- (2) SGMW and SAIC-IVECO Hongyan Commercial Vehicle Co., Ltd. ("SAIC-IVECO Hongyan") are located in Liuzhou, Guangxi and Chongqing City, which is covered in grand western development area. On August 20, 2014, "Catalogue of Encouraged Industries in the Western Region (Order of The National Development and Reform Commission No.15) has included vehicle manufacturing and special vehicle manufacturing in the catalogue of encouraged industries of Guangxi and Chongqing. According to "Circular on the Issues Concerning Related Tax Policies for the In-depth Implementation of the West Development Strategy " (Cai Shui[2011]No. 58), SGMW's headquarter in Liuzhou Guangxi and Chongqing Branch are subject to the EIT rate of 15%.
- (3) According to the EIT Law and other relevant regulations, SAIC Motor Transmission Co., Ltd., Shanghai Diesel Engine Co., Ltd. ("Shanghai Diesel") and DIAS Automotive Electronic Systems Co., Ltd. were recognized as High-Technology Enterprises which was qualified to get the country's special support. In 2017, SAIC Motor Transmission Co., Ltd., Shanghai Diesel and DIAS Automotive Electronic Systems Co., Ltd. passed the reassessment of High-Technology Enterprise and the qualification is effective from 2017 to 2019. Therefore, these companies are subject to the EIT rate of 15% for the current year.

## 3. Others

Applicable    N/A

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

√Applicable □N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Cash:	4,758,905.31	18,824,430.85
RMB	4,272,233.67	3,441,288.71
Others	486,671.64	15,383,142.14
Bank balances:	110,177,047,093.43	97,003,556,656.88
RMB	99,234,767,909.07	87,779,229,527.90
USD	7,947,955,340.94	7,478,083,760.36
EUR	1,022,114,479.17	871,596,053.01
GBP	528,270,872.57	284,997,059.40
THB	397,881,545.66	238,419,291.79
INR	355,200,405.11	47,793,337.43
HKD	175,959,975.99	181,356,158.83
IDR	155,864,424.83	74,533,853.73
JPY	6,562,497.33	15,761,641.33
Others	352,469,642.76	31,785,973.10
Other currencies:	11,429,313,763.84	8,927,410,275.34
RMB	11,392,098,257.46	8,899,863,588.13
Others	37,215,506.38	27,546,687.21
Total	121,611,119,762.58	105,949,791,363.07
Including: Cash and Bank Balances in Foreign Territory	8,202,138,940.44	8,676,874,973.09

Details for restricted bank balances are as follows:

Unit: RMB

Item	December 31, 2017	December 31, 2016
Bank balances:		
-Pledged for bank acceptances	3,305,937,833.15	3,465,421,530.07
-Pledged for letters of credit, etc.	13,467,252.39	495,636.07
-Others	33,566,757.37	4,424,894.02
Other currencies		
- Restricted deposits at the People's Bank of China (Note)	10,948,225,703.87	7,963,317,790.63
-Deposits for bank draft	326,491,449.00	354,397,814.00
-Others	39,255,340.19	59,310,909.00
Total	<b>14,666,944,335.97</b>	<b>11,847,368,573.79</b>

Note: The balances deposited at SFC and SAIC-GMAC represent deposit reserves required to be deposited in the central bank according to the regulations of the People's Bank of China and cannot be used in the operating activities of SFC and SAIC-GMAC.

**2. Financial assets at fair value through profit or loss**

√Applicable □N/A

Unit: RMB

Item	Fair value at December 31, 2017	Fair value at December 31, 2016
Held-for-trading financial assets	314,058,356.26	8,542,400.00
Including: Investments in debt instruments	51,294,498.00	-
Investments in equity instruments	262,763,858.26	8,542,400.00
Derivative financial assets		



Others		
Designated as financial assets at fair value through profit or loss	4,481,133,095.46	1,551,210,824.57
Including: Investments in debt instruments	1,090,924,765.60	-
Investments in equity instruments	3,390,208,329.86	1,551,210,824.57
Others		
Total	<b>4,795,191,451.72</b>	<b>1,559,753,224.57</b>

Note: At the year-end, the equity instruments with fair value amounted to RMB 216,281,525.95 has been pledged as collateral for borrowings, refer to Note (VIII) 49.

### 3. Derivative financial assets

Applicable N/A

### 4. Notes receivable

#### (1). Details of notes receivable are as follows:

Applicable N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Bank acceptances	29,422,473,765.05	29,711,490,453.19
Commercial acceptances	219,268,187.39	326,972,930.27
Total	<b>29,641,741,952.44</b>	<b>30,038,463,383.46</b>

#### (2). At the year-end, detail of bank acceptances that were pledged as collateral is as follow:

Applicable N/A

Unit: RMB

Item	December 31, 2017
Bank acceptances (Note 1)	991,534,548.00
Commercial acceptances	
Short-term borrowing collaterals(Note 2)	14,000,000.00
Total	<b>1,005,534,548.00</b>

Note1: Notes receivable were pledged as collateral to issue bank acceptances.

Note2: Refer to Note (VIII) 33.

#### (3). Notes endorsed or discounted by the Company to other parties which are not yet due at the balance sheet date:

Applicable N/A

#### (4). Notes receivable reclassified to accounts receivable due to the drawer's inability to settle the notes on maturity

Applicable N/A

Others

Applicable N/A

### 5. Accounts receivable

#### (1). Disclosure of accounts receivable by categories:

Applicable N/A

Unit: RMB

Category	December 31, 2017					December 31, 2016				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	%	Amount	%		Amount	%	Amount	%	
Receivables for individually significant items and with individual provision for bad debts										
Receivables with	36,049,860,288.95	100.00	1,382,053,154.81	3.83	34,667,807,134.14	31,749,699,853.89	100.00	1,087,958,742.31	3.43	30,661,741,111.58

provisions that were assessed by credit risk characteristics										
Receivables for individually non-significant items but individual provision for bad debts										
Total	36,049,860,288.95	100.00	1,382,053,154.81	3.83	34,667,807,134.14	31,749,699,853.89	100.00	1,087,958,742.31	3.43	30,661,741,111.58

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

Applicable N/A

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

Applicable N/A

Unit: RMB

Aging	December 31, 2017		
	Book value	Bad debt provision	Proportion (%)
Within one year			
Including: Breakdown of aging within 1 year			
Within 1 year	34,423,514,107.17	279,841,388.89	0.81
Subtotal of within 1 year	34,423,514,107.17	279,841,388.89	0.81
1-2 years	529,472,715.58	113,862,071.23	21.50
2-3 years	409,653,614.59	328,427,709.20	80.17
Over 3 years	687,219,851.61	659,921,985.49	96.03
Total	<b>36,049,860,288.95</b>	<b>1,382,053,154.81</b>	<b>3.83</b>

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

Applicable N/A

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

Applicable N/A

## (2). Bad debt provision, withdrawal or reversal and written-off:

During the year, bad debt provision, withdrawal or reversal, and written-off are RMB 425,557,801.28, RMB 109,495,483.00 and RMB 23,042,440.62, respectively. For decreased bad debt provision due to changes in the foreign exchange rate during the year, the amount is RMB 2,533,747.25. For increased bad debt provision due to changes in the scope of consolidation during the year, the amount is RMB 3,608,282.09.

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

Applicable N/A

## (3). Accounts receivable actually written off in the current period

Applicable N/A

Unit: RMB

Item	Amount
Accounts receivable actually written off	23,042,440.62

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

Applicable N/A

Explanation for accounts receivable written off:

Applicable N/A

**(4). Top five balances of accounts receivable classified by debtor:**

√Applicable    □N/A

Unit: RMB

Name	Relationship with the Group	Amount	Aging	Proportion to total accounts receivable (%)
Company 1	JCE	6,267,004,837.46	Within 1 year	17.38
Company 2	JCE	5,253,377,884.21	Within 1 year	14.57
Company 3	Associate	1,515,179,618.55	Within 1 year	4.20
Company 4	JCE	1,054,328,185.16	Within 1 year	2.92
Company 5	JCE	790,716,956.75	Within 1 year	2.19
<b>Total</b>		<b>14,880,607,482.13</b>		<b>41.26</b>

**(5). Accounts receivable derecognized due to transfer of financial assets:**

□Applicable    √N/A

**(6). Transfer of amounts of accounts receivables and assets and liabilities arising from continuing involvement:**

□Applicable    √N/A

Others:

√Applicable    □N/A

At the year-end, accounts receivable of RMB 95,613,040.07 were pledged to banks as collateral for loans, refer to Note (VIII) 33 for details.

**6. Prepayments****(1). Aging analysis of prepayments is as follows:**

√Applicable    □N/A

Unit: RMB

Aging	December 31, 2017		December 31, 2016	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	29,527,017,435.80	98.97	20,304,119,200.01	98.90
1-2 years	158,838,694.38	0.53	151,736,993.60	0.74
2-3 years	97,236,867.43	0.33	33,404,459.32	0.16
Over 3 years	52,101,965.40	0.17	40,397,372.77	0.20
<b>Total</b>	<b>29,835,194,963.01</b>	<b>100.00</b>	<b>20,529,658,025.70</b>	<b>100.00</b>

**(2). Top five balances of prepayments:**

√Applicable    □N/A

Unit: RMB

Name	Relationship with the Group	Amount	Aging	Proportion to total accounts receivable (%)
Company 1	JCE	22,341,573,018.06	Within 1 year	74.88
Company 2	Third party	922,230,687.32	Within 1 year	3.09
Company 3	Third party	567,930,181.49	Within 1 year	1.90
Company 4	Third party	463,053,845.27	Within 1 year	1.55
Company 5	Third party	276,621,871.56	Within 1 year	0.93
<b>Total</b>		<b>24,571,409,603.70</b>		<b>82.35</b>

Others

□Applicable    √N/A

**7. Interest receivable**

**(1). Classification of interest receivable**

Applicable    N/A

**(2). Significant overdue interest :**

Applicable    N/A

Other particulars:

Applicable    N/A

**8. Dividends receivable****(1). Dividends receivable**

Applicable    N/A

Unit: RMB

Item (or investees)	December 31, 2017	December 31, 2016
Dividends receivable due from JCEs	1,663,753,520.85	1,456,101,750.12
Dividends receivable due from associates	84,163,042.55	160,904,835.18
Others	13,210,221.14	5,985,169.52
<b>Total</b>	<b>1,761,126,784.54</b>	<b>1,622,991,754.82</b>

**(2). Dividends receivable with significant balances and aged more than one year:**

Applicable    N/A

Other particulars:

Applicable    N/A

**9. Other receivables****(1). Disclosure of other receivables by categories**

Applicable    N/A

Unit: RMB

Category	December 31, 2017					December 31, 2016				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	%	Amount	%		Amount	%	Amount	%	
Other receivables for individually significant items and with individual provision for bad debts	677,408,532.51	6.76	532,068,388.17	78.54	145,340,144.34	136,599,388.17	1.84	136,599,388.17	100.00	-
Other receivables with provisions that were assessed by credit risk characteristics	9,337,452,430.84	93.24	268,590,045.79	2.88	9,068,862,385.05	7,289,872,068.42	98.16	329,135,592.19	4.51	6,960,736,476.23
Other receivables for individually non-significant items but individual provision for bad debts	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10,014,860,963.35</b>	<b>100.00</b>	<b>800,658,433.96</b>	<b>7.99</b>	<b>9,214,202,529.39</b>	<b>7,426,471,456.59</b>	<b>100.00</b>	<b>465,734,980.36</b>	<b>6.27</b>	<b>6,960,736,476.23</b>

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

Applicable    N/A

Unit: RMB

Other receivables(By unit)	December 31, 2017			
	Book value	Bad debt provision	Proportion (%)	Reasons for the provision
Other receivables for individually significant items and with individual provision for bad debts	677,408,532.51	532,068,388.17	78.54	
<b>Total</b>	<b>677,408,532.51</b>	<b>532,068,388.17</b>	<b>/</b>	<b>/</b>

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

Applicable    N/A

Unit: RMB

Aging	December 31, 2017		
	Book value	Bad debt provision	Proportion (%)
Within one year			
Including: Breakdown of aging within 1 year			
Within 1 year	7,355,374,837.63	23,298,277.98	0.32
Subtotal - within 1 year	7,355,374,837.63	23,298,277.98	0.32

1-2 years	1,530,055,516.47	23,770,753.23	1.55
2-3 years	189,308,731.94	58,838,808.62	31.08
Over 3 years	262,713,344.80	162,682,205.96	61.92
Total	<b>9,337,452,430.84</b>	<b>268,590,045.79</b>	<b>2.88</b>

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

Applicable N/A

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

Applicable N/A

**(2). Bad debt provision, withdrawal or reversal:**

During the year, bad debt provision, withdrawal or reversal, and written-off are RMB 437,148,629.52, RMB 36,811,463.67 and RMB 61,236,774.27, respectively. For decreased bad debt provision due to changes in the foreign exchange rate during the year, the amount is RMB 4,194,457.00. For increased bad debt provision due to changes in the scope of consolidation during the year, the amount is RMB 17,519.02.

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

Applicable N/A

**(3). other receivables actually written off in the current period**

Applicable N/A

Unit: RMB

Item	Amount
Other receivables actually written off	61,236,774.27

Including other receivables written off in significant amount in the current period:

Applicable N/A

Particulars for other receivables written off:

Applicable N/A

**(4). Disclosure of other receivables by nature:**

Applicable N/A

Unit: RMB

Nature of other receivables	December 31, 2017	December 31, 2016
New energy vehicle subsidies	4,019,044,350.00	2,627,398,500.00
Disposal of assets	554,309,144.34	661,009,144.34
Advances to project	703,705,370.19	719,846,342.06
Guarantees, deposits, etc.	4,737,802,098.82	3,418,217,470.19
Total	<b>10,014,860,963.35</b>	<b>7,426,471,456.59</b>

**(5). Top five balances of other receivables:**

Applicable N/A

Unit: RMB

Name	Nature of fund	Amount	Aging	Proportion to total other receivables (%)	Bad debt provision
Company 1		3,053,586,100.00	Within 3 year	30.49	
Company 2		965,458,250.00	Within 3 year	9.64	
Company 3		554,309,144.34	Within 3 year	5.53	
Company 4		280,251,092.21	Within 1 year	2.80	
Company 5		148,911,253.59	Within 1 year	1.49	
Total	/	<b>5,002,515,840.14</b>	/	<b>49.95</b>	

**(6). Accounts receivables related to government grants**

Applicable N/A

**(7). Accounts receivable derecognized due to transfer of financial assets:**

□Applicable    √ N/A

**(8). Balances of assets and liabilities recognized from transfer of accounts receivable and continuous involvement:**

□Applicable    √ N/A

Other particulars:

□Applicable    √ N/A

**10. Financial assets purchased under resale agreements**

Unit: RMB

Item	Closing balance	Opening balance
Financial assets purchased under resale agreements	630,960,113.64	978,112,755.49

**11. Inventories****(1). Categories of inventories**

√ Applicable    □N/A

Unit: RMB

Item	December 31, 2017			December 31, 2016		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Raw materials	7,993,506,737.58	468,350,058.88	7,525,156,678.70	5,914,159,801.87	428,835,962.75	5,485,323,839.12
Work-in-process	2,308,939,432.57	69,522,342.68	2,239,417,089.89	1,444,784,240.35	72,329,980.44	1,372,454,259.91
Goods on hand	41,699,404,348.25	1,422,213,185.23	40,277,191,163.02	31,337,867,616.08	1,155,863,909.19	30,182,003,706.89
Total	<b>52,001,850,518.40</b>	<b>1,960,085,586.79</b>	<b>50,041,764,931.61</b>	<b>38,696,811,658.30</b>	<b>1,657,029,852.38</b>	<b>37,039,781,805.92</b>

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

√ Applicable    □N/A

Unit: RMB

Categories of inventories	December 31, 2016	Increase during the year		Decrease during the year		December 31, 2017
		Provision	Others	Reversal or written off	Others	
Raw materials	428,835,962.75	153,960,801.46	31,808,756.44	141,436,134.10	4,819,327.67	468,350,058.88
Work-in-process	72,329,980.44	34,970,882.73	-	37,676,276.49	102,244.00	69,522,342.68
Goods on hand	1,155,863,909.19	906,065,538.75	8,718,095.03	646,461,782.03	1,972,575.71	1,422,213,185.23
Total	<b>1,657,029,852.38</b>	<b>1,094,997,222.94</b>	<b>40,526,851.47</b>	<b>825,574,192.62</b>	<b>6,894,147.38</b>	<b>1,960,085,586.79</b>

Provision for decline in value of inventories

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

**(3). Explanation for closing balance of inventories that have capitalized borrowing costs:**

□Applicable    √ N/A

**(4). Completed without billing assets arising from construction contract:**

□Applicable    √ N/A

Others

□Applicable    √ N/A

**12. Assets held for sale**

□Applicable    √ N/A

**13. Non-current assets due within one year**

√ Applicable □ N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Long-term loans due within one year	52,241,275,622.76	51,361,586,216.03
Long-term receivables due within one year	3,058,996,245.58	1,476,362,391.88
Total	<b>55,300,271,868.34</b>	<b>52,837,948,607.91</b>

**14. Other current assets**

√ Applicable □ N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Short-term loans issued by SFC and SAIC-GMAC	48,356,056,021.12	40,180,882,384.43
Input VAT to be deducted	3,525,894,024.15	2,278,404,099.59
Prepaid and deferred costs	968,712,271.05	409,873,637.22
Short-term entrusted loans	593,700,000.00	334,200,000.00
Wealth management products	150,000,000.00	315,000,000.00
Discount held by SFC	150,403,269.42	161,111,370.11
Less: Impairment loss on other current assets	-1,731,768,612.55	-1,153,644,618.84
Total	<b>52,012,996,973.19</b>	<b>42,525,826,872.51</b>

**15. Loans and advances**

Unit: RMB

Item	December 31, 2017	December 31, 2016
Long-term loans issued by SFC and SAIC-GMAC	134,511,607,925.19	100,304,364,038.49
Less: Impairment loss on loans	-3,693,231,029.21	-2,722,724,109.39
Net book value of long-term loans issued	130,818,376,895.98	97,581,639,929.10
Less: Long-term loans due within one year	-52,241,275,622.76	-51,361,586,216.03
Long-term loans due after one year	78,577,101,273.22	46,220,053,713.07

**16. Available-for-sale financial assets****(1). Available-for-sale financial assets:**

√ Applicable □ N/A

Unit: RMB

Item	December 31, 2017			December 31, 2016		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Available-for-sale debt instruments	11,039,302,954.39	-	11,039,302,954.39	1,896,097,086.38	-	1,896,097,086.38
Available-for-sale equity instruments	53,848,937,065.93	520,083,077.06	53,328,853,988.87	49,102,501,848.02	513,849,437.06	48,588,652,410.96
-measured at fair value	53,072,748,316.69	-	53,072,748,316.69	48,334,334,570.96	-	48,334,334,570.96
-measured at cost	776,188,749.24	520,083,077.06	256,105,672.18	768,167,277.06	513,849,437.06	254,317,840.00
Total	<b>64,888,240,020.32</b>	<b>520,083,077.06</b>	<b>64,368,156,943.26</b>	<b>50,998,598,934.40</b>	<b>513,849,437.06</b>	<b>50,484,749,497.34</b>

**(2). Available-for-sale financial assets measured at fair values:**

√ Applicable □ N/A

Unit: RMB

Categories of available-for-sale financial assets	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Costs of equity instruments / amortized cost of debt instrument	36,571,484,579.75	11,066,505,294.73	47,637,989,874.48
Fair value	53,072,748,316.69	11,039,302,954.39	64,112,051,271.08
Accumulated amount of changes of fair value recognized in other comprehensive income	16,662,079,046.25	-27,202,340.34	16,634,876,705.91
Impairment provisions	160,815,309.31		160,815,309.31

**(3). Available-for-sale financial assets measured at cost:**

√ Applicable    □N/A

Unit: RMB

Equity invested	Book balance				Provision for impairment				Equity interest held by the Company as of the year end (%)	Cash bonus in 2017
	December 31, 2016	Increase during the year	Decrease during the year	December 31, 2017	December 31, 2016	Increase during the year	Decrease during the year	December 31, 2017		
GM Korea Company	494,566,740.00	-		494,566,740.00	494,566,740.00	-		494,566,740.00		-
Tianjin Lovol Heavy Industries Co., Ltd.	10,000,000.00	-		10,000,000.00	-	-		-		-
Guoqi (Beijing) Lightweight of Automobile Technology Research Institute Co., Ltd.	3,000,000.00	-		3,000,000.00	-	-		-		-
Shanghai International Trust & Investment Co., Ltd.	170,560,000.00	-		170,560,000.00	-	-		-		4,342,703.55
Jiangsu Zijin Rural Commercial Bank Co., Ltd.	28,984,200.00	-		28,984,200.00	-	-		-		862,801.61
Shanghai Shangtuotou Asset Management Co., Ltd.	2,440,000.00	-		2,440,000.00	-	-		-		-
Others	58,616,337.06	8,021,472.18		66,637,809.24	19,282,697.06	6,233,640.00		25,516,337.06		3,151,795.81
Total	768,167,277.06	8,021,472.18		776,188,749.24	513,849,437.06	6,233,640.00		520,083,077.06	/	8,357,300.97

**(4). Movements of impairment loss on available-for-sale financial assets:**

√ Applicable    □N/A

Unit: RMB

	Available-for-sale equity instruments	Available-for-sale debt instruments	Total
Impairment provisions at the beginning of the year	647,465,536.61		647,465,536.61
Provision	33,432,849.76		33,432,849.76
Including: transfer from other comprehensive income			
Decrease			
Including: reversal due to subsequent fair value increase	/		
Impairment provisions at the end of the year	680,898,386.37		680,898,386.37

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

□Applicable    √ N/A

Others

□Applicable    √ N/A

**17. Held-to-maturity investments****(1). Held-to-maturity investment:**

□Applicable    √ N/A

**(2). Held-to-maturity investment with significant amount at the end of the period:**

□Applicable    √ N/A

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

□Applicable    √ N/A

Other particulars:

□Applicable    √ N/A

**18. Long-term receivables****(1) Disclosure of long-term receivables by categories:**

√ Applicable    □N/A



Unit: RMB

Item	December 31, 2017			December 31, 2016			Range of discount rate
	Book balance	Provision	Book value	Book balance	Provision	Book value	
Finance lease(Note)	7,104,118,127.36	323,740,784.37	6,780,377,342.99	3,321,631,176.88	174,920,771.68	3,146,710,405.20	
Including: unearned finance income	1,158,669,708.46		1,158,669,708.46	631,829,911.49		631,829,911.49	
Installment sales	190,813,675.60		190,813,675.60	263,245,963.35		263,245,963.35	
Rendering of services settled by installments							
Others	64,150,690.85		64,150,690.85	23,650,000.00		23,650,000.00	
Less: Long-term receivables due within one year	-3,058,996,245.58		-3,058,996,245.58	-1,476,362,391.88		-1,476,362,391.88	
Total	4,300,086,248.23	323,740,784.37	3,976,345,463.86	2,132,164,748.35	174,920,771.68	1,957,243,976.67	/

Note: At the year-end, finance lease receivables of RMB 731,640,975.90 were pledged to banks as collateral for loans, refer to Note (VIII) 49 for details.

**(2) Long-term receivable derecognized due to transfer of financial assets**

Applicable  N/A

**(3) Balances of assets and liabilities recognized from transfer of long-term receivable and continuous involvement.**

Applicable  N/A

Other particulars

Applicable  N/A

During the year, bad debt provision, and written-off are RMB 198,142,714.38 and RMB 49,322,701.69 respectively.

**19. Long-term equity investments**

Applicable  N/A

Unit: RMB

Invested companies	December 31, 2016	Increase (decrease) during the year	December 31, 2017	Impairment provision as at December 31, 2017
		Other		
<b>LJCEs</b>				
SAIC Volkswagen Automotive Co., Ltd.	21,035,065,302.32	639,419,396.54	21,674,484,698.86	
Pan Asia Technical Automotive Center Co., Ltd.	665,147,107.62	-211,078,573.68	454,068,533.94	
SAIC Iveco Commercial Vehicle Investment Co., Ltd.	238,075,849.83	87,233,009.30	325,308,859.13	
Shanghai Advanced Traction Battery Systems Co., Ltd. (Note 1)	29,700,672.27	7,349,999.05	37,050,671.32	
SAIC General Motors Co., Ltd.	16,093,075,780.05	-747,463,159.14	15,345,612,620.91	
SAIC GM Dong Yue Motors Co., Ltd.	602,991,055.54	-65,908,280.17	537,082,775.37	
Shanghai GM Dong Yue Powertrain Co., Ltd.	1,555,069,139.97	-11,427,358.94	1,543,641,781.03	
Shanghai GM (Shenyang) Norsom Motors Co., Ltd.	654,071,910.33	-245,302.97	653,826,607.36	
ZF Transmissions Shanghai Co., Ltd. (Note 1)	187,835,459.21	746,057.81	188,581,517.02	
Shanghai SAIC Magneti Marelli Powertrain Co., Ltd.	118,738,096.35	19,966,042.29	138,704,138.64	
United Automotive Electronic Systems Co., Ltd. (Note 1)	3,774,679,904.80	727,672,168.33	4,502,352,073.13	
Nanjing Iveco Automobile Co., Ltd.	1,345,358,817.81	32,993,703.28	1,378,352,521.09	
Shanghai MHI Engine Co., Ltd.	52,920,652.04	717,505.78	53,638,157.82	
Tianjin Zhongxing Auto Parts Co., Ltd.	25,048,684.38	487,358.23	25,536,042.61	
Contitech Fluid Shanghai Co., Ltd. (Note 1)	24,949,365.52	-15,136,291.45	9,813,074.07	
Shanghai Inteva Automotive Parts Co., Ltd.	98,923,410.35	44,991,942.23	143,915,352.58	
Shanghai TRW Automotive Safety Systems Co., Ltd.	157,946,450.08	7,014,496.54	164,960,946.62	
Boschi Huayu Steering Systems Co., Ltd. (Note 1)	1,296,389,762.55	225,110,678.76	1,521,500,441.31	
Shanghai Koito Automotive Lamp Co., Ltd.	772,559,511.89	-25,396,792.01	747,162,719.88	
Shanghai Saiwei Investment Center (Limited Partnership) (Note 1, 2)	-	129,712,196.52	129,712,196.52	
Kolbenschmidt Shanghai Piston Co., Ltd.	267,863,819.85	27,466,957.01	295,330,776.86	
Shanghai Valeo Automotive Electrical Systems Co., Ltd.	446,368,064.37	46,560,992.94	492,929,057.31	
Shanghai Kolbenschmidt Pierburg Shanghai Nonferrous Components Co., Ltd.	496,852,422.49	123,570,033.82	620,422,456.31	
Shanghai GKN Drive System Co., Ltd. (Note 1)	1,475,465,727.79	87,778,143.51	1,563,243,871.30	
Dongfeng Yanfeng Automotive Trim Systems Co., Ltd.	139,359,884.00	22,414,822.00	161,774,706.00	
Shanghai Sachs Powertrain Components Parts System Co., Ltd.	124,926,673.05	8,801,086.59	133,727,759.64	
Shanghai Mahle Thermal Systems Co., Ltd., (Previous name: Shanghai Behr Thermal System Co., Ltd.)	385,228,660.96	42,199,729.31	427,428,390.27	
Yan Feng Gabriel (Shanghai) Automotive Safety Systems Co., Ltd. (Note 1)	617,555,196.00	-14,973,115.00	602,582,081.00	
Yanfeng Plastic Omnium Automotive Exterior Trimming System Co., Ltd. (Note 1)	614,274,788.00	86,738,491.00	701,013,279.00	
Hua Dong Teksid Automotive Foundry Co., Ltd.	230,218,421.64	12,624,500.47	242,842,922.11	
Pierburg Huayu Pump Technology Co. Ltd. (Note 6)	28,591,926.73	2,249,418.62	30,841,345.35	
Founding of Yanfeng Visteon Investment Co., Ltd.	317,811,371.00	152,915,295.00	470,726,666.00	
Dongfeng Yanfeng Shiyuan Automotive Trim Systems Co., Ltd.	173,564,015.00	-467,080.00	173,096,935.00	
Shanghai Johnson Controls Yanfeng Seating Mechanism Co.,	313,124,340.00	53,981,116.00	367,105,456.00	

## SAIC MOTOR ANNUAL REPORT 2017

Ltd.(Previous name: Yanfeng Johnson Controls Automotive Seating Mechanical Parts Co., Ltd.)				
KS HUAYU AluTech GmbH	195,174,409.00	-4,478,195.07	190,696,213.93	
CRH Automotive Systems (Shenyang) Co., Ltd.	50,160,578.00	-3,722,890.00	46,437,688.00	
Shanghai Key Automotive Plastic Component Co., Ltd. (Note 1, 2)	-	59,557,625.00	59,557,625.00	
Huayu Continental Brake Systems (Chongqing) Co., Ltd.	70,213,155.59	-43,516,637.13	26,696,518.46	
Xiangfan Aerospace-chemical Dynamic Company (Note 1, 2)	-	127,581,931.69	127,581,931.69	
Shanghai Anji Riyou Logistics Co., Ltd. (Previous name: Shanghai Anji Riyou Vehicle Transportation Co., Ltd. (Note 1))	42,755,153.68	12,133,774.41	54,888,928.09	
Shanghai Anjie Car Transportation Co., Ltd.	40,509,395.95	26,035,507.71	66,544,903.66	
Dalian Hai Jia Automobile Harbor Co., Ltd.	200,000,000.00	-	200,000,000.00	
Nanjing Harbor Jiangsheng Vehicle Dock Co., Ltd.	50,181,761.69	692,765.88	50,874,527.57	
Guangzhou Harbor Haijia Vehicle Dock Co., Ltd.	103,988,357.90	-55,277.02	103,933,080.88	
Shanghai Anfu Automotive Logistics Co., Ltd.(Note1)	49,666,809.78	34,446,032.16	84,112,841.94	
Shanghai Anji Schindler Motor Transport Co., Ltd.(Note1)	32,410,398.39	12,461,868.03	44,872,266.42	
Tianjin Port Haijia Automotive Terminal Co., Ltd.(Note1)	97,809,134.96	-1,896,281.79	95,912,853.17	
Hangzhou Chang'an Minsheng Anji Logistics Co., Ltd.	10,607,906.49	611,938.93	11,219,845.42	
Anji Technology Co., Ltd. (Note 2)	-	26,814,271.99	26,814,271.99	
Shanghai Deshi Automotive Service Co., Ltd. (Note 1, 2)	-	6,202,028.23	6,202,028.23	
Shanghai Dingshang Logistics Co., Ltd. (Note 1, 2)	-	4,012,330.61	4,012,330.61	
Nanjing Jiazhong Logistics Co., Ltd. (Note 1, 2)	-	7,735,996.21	7,735,996.21	
Anji Car Rental & Leasing Co., Ltd.	222,355,765.10	-23,405,381.67	198,950,383.43	
Beijing Boruiyechuan Car Service Co., Ltd.	54,870,758.81	2,227,259.64	57,098,018.45	
Shanghai Volkswagen Anxiang Sales Service Co., Ltd.	1,737,133.67	-977,254.64	759,879.03	
Shanghai Onstar Telematics Co., Ltd.	85,580,943.14	7,994,124.92	93,575,068.06	
SAIC Qingdao Clean Energy Bus Co., Ltd.(Note1)	96,414,872.77	-4,146,781.30	92,268,091.47	
Nanjing Automotive Forging Co., Ltd.	159,418,088.43	37,967,939.20	197,386,027.63	
Others	57,629,066.80	23,506,921.63	81,135,988.43	
Subtotal of joint ventures	55,981,235,933.94	1,806,402,805.19	57,787,638,739.13	
Associates				
Shanghai Volkswagen Powertrain Co., Ltd.	1,968,380,813.73	-50,737,385.25	1,917,643,428.48	
Volkswagen Transmission (Shanghai) Co., Ltd.	256,583,225.34	-62,793,551.57	193,789,673.77	
China Automobile Development United Investment Co., Ltd.	32,719,020.02	8,886,584.50	41,605,604.52	
Shanghai Huizhong Sachs Shock absorber Co., Ltd.	157,350,861.98	-2,767,862.53	154,582,999.45	
Shanghai ThyssenKrupp Presta HuiZhong Co., Ltd.	229,606,475.77	-59,500,415.14	170,106,060.63	
Shanghai Benteler Huizhong Automotive Parts Co., Ltd.	121,093,867.37	24,617,055.16	145,710,922.53	
Shanghai Sanli-Huizhong Auto Parts Co., Ltd.	202,288,240.27	-24,355,003.16	177,933,237.11	
Shanghai Mhi Turbocharger Co., Ltd.	274,648,851.08	17,416,482.61	292,065,333.69	
Shanghai Edscha Machinery Co., Ltd.	89,289,871.44	172,530.80	89,462,402.24	
Shanghai Wanzhong Car Service Co., Ltd.	10,802,262.17	4,313,013.71	15,115,275.88	
Shanghai Tenneco Exhaust System Co., Ltd.	201,543,740.85	6,772,563.97	208,316,304.82	
Shanghai New Holland Agricultural Machinery Co., Ltd.	27,680,080.68	-	27,680,080.68	27,680,080.68
Federal-Mogul Shanghai Bearing Co., Ltd.	75,957,456.62	11,953,731.29	87,911,187.91	
Shanghai Federal-Mogul Compound Material Co., Ltd.	30,660,060.25	5,136,007.81	35,796,068.06	
Yapp Automotive Parts Co., Ltd.	648,422,543.78	67,361,059.66	715,783,603.44	
Shanghai Aichi Forging Co., Ltd.	182,829,418.42	12,292,654.39	195,122,072.81	
Shanghai Neturen Co., Ltd.	104,620,310.89	5,986,910.69	110,607,221.58	
Shanghai Meridian Magnesium Products Co., Ltd.	99,561,150.80	20,375,270.27	119,936,421.07	
Shanghai Xingsheng Gasket Co., Ltd.	31,201,853.09	3,780,877.38	34,982,730.47	
Shanghai Boze Auto Parts Co., Ltd.	109,919,335.40	-4,301,619.39	105,617,716.01	
Valeo Shanghai Automotive Electric Motors & Wiper System Co., Ltd.	129,015,547.22	39,080,764.56	168,096,311.78	
Shanghai Inteva Automotive Door Systems Co., Ltd.	152,033,378.22	5,433,615.52	157,466,993.74	
Shanghai LEAR STEC Automotive Parts Co., Ltd.	150,403,365.11	43,883,050.81	194,286,415.92	
Sanden (Suzhou) Precision Parts Co., Ltd.	44,569,765.60	2,023,943.21	46,593,708.81	
Wuhan TACHI-S Adient Automotive Seat Co., Ltd. (Previous name: Wuhan TACHI-S Johnson Controls Automotive Seat Co., Ltd.)	37,206,165.00	639,226.00	37,845,391.00	
Continental Brake Systems (Shanghai) Co., Ltd.	54,652,462.43	10,447,634.76	65,100,097.19	
Beijing Hainachuan Yanfeng Automotive Module System Co., Ltd.	4,136,310.00	241,343.00	4,377,653.00	
BAIC Yanfeng Automotive Parts Co., Ltd. (Previous name: Beijing Hainachuan Johnson Automotive Parts Co., Ltd. (Note 3))	9,298,904.00	72,105,807.00	81,404,711.00	
Dongfeng Adient Controls Automotive Seating Co., Ltd. (Previous name: Dongfeng Johnson Controls Automotive Seating Co., Ltd.)	102,888,530.00	23,087,512.00	125,976,042.00	
Shaanxi Qinghua Automotive Safety System Co., Ltd.	178,631,865.43	8,962,461.53	187,594,326.96	
Nanjing Fata Tooling Co., Ltd. (Note 4)	236,460.00	-236,460.00	-	
Avanzar Interior Products LLC	26,955,741.00	6,645,365.00	33,601,106.00	
Chongqing Henglong Hongyan Automotive Steering Co., Ltd.	13,533,209.52	-871,649.34	12,661,560.18	
Shanghai Aishi Industrial Technology Co., Ltd. (Note 2)	-	30,500,000.00	30,500,000.00	
Jiangsu Used Motor Vehicle Market Co., Ltd.	8,597,590.76	936,779.86	9,534,370.62	
Nanjing Auto Parts Factory	3,332,061.67	6,197.39	3,338,259.06	
Nanjing Valeo Clutch Co., Ltd.	80,039,329.38	13,857,476.30	93,896,805.68	
Qingdao Toyo Heat Exchanger Co., Ltd.	52,355,333.83	-26,173,434.99	26,181,898.84	
Shanghai Shanke Automotive Culture Communication Co., Ltd.	261,671.43	58,093.36	319,764.79	
Anji Nyk Logistics (Thailand) Co., Ltd.	14,613,355.74	676,374.97	15,289,730.71	
Chongqing Jiangsheng Automotive Logistics Co., Ltd.(Note5)	80,114,638.91	32,039,430.65	112,154,069.56	
Shanghai Wanxiang New Energy Bus Co., Ltd.	93,967,848.93	-19,876,193.32	74,091,655.61	
Changzhou Qide Equity Investment Fund Center (Limited Partnership) (Note 2)	-	926,191,727.30	926,191,727.30	
Shidai SAIC Power Battery Co., Ltd. (Note 2)	-	982,749,259.71	982,749,259.71	
Sunrise Power Co., Ltd.	41,823,466.77	-1,114,070.20	40,709,396.57	
Shanghai Zhiji Information Technology Co., Ltd.	7,106,834.95	-2,760,717.41	4,346,117.54	
Examotive(Note 2)	-	91,553,815.60	91,553,815.60	

SAIC MOTOR ANNUAL REPORT 2017

Global Chexiang Jiashan Car Lease Co., Ltd. (Note 2)	-	8,416,692.90	8,416,692.90	
Shanghai Kelai Shengluo Automation Equipment Co., Ltd. (Note 2)	-	25,749,979.30	25,749,979.30	
Shanghai Baosteel&Arcelor Tailor Metal Co., Ltd. (Note 2)	-	192,029,099.90	192,029,099.90	
Shanghai Tongzhou Autoparts Co., Ltd. (Note 2)	-	131,346,952.34	131,346,952.34	
SAIC James (Shannan) Equity Investment Fund Partnership Enterprise	28,597,538.23	92,338,803.09	120,936,341.32	
Sailing Capital International (Shanghai) Co., Ltd. (Note 6)	2,168,024,683.31	57,763,657.46	2,225,788,340.77	
Shanghai SAIC Huankai Investment Management Co., Ltd.	56,086,528.46	7,812,516.71	63,899,045.17	30,325,460.00
SAIC Tangtian Investment Management Center(Note 4)	17,118,545.39	-17,118,545.39	-	
Shanghai Shangqi Equity Investment Fund First Section Partnership Enterprise	63,160,116.98	50,300,879.41	113,460,996.39	
Sailing Capital Management Co., Ltd.	78,328,798.31	2,914,827.30	81,243,625.61	
Shanghai Integrated Circuit Industry Investment Fund Management Co., Ltd.	3,000,000.00	3,434,812.06	6,434,812.06	
Others	57,952,848.56	478,867,263.22	536,820,111.78	
Subtotal of associates	8,613,202,335.09	3,258,553,196.77	11,871,755,531.86	58,005,540.68
Total	<b>64,594,438,269.03</b>	<b>5,064,956,001.96</b>	<b>69,659,394,270.99</b>	<b>58,005,540.68</b>

Details of long-term equity investments are as follows:

Note 1: Such companies are JCEs of the Group according to the Articles of Association of such companies, which specified that significant financial and operating decisions shall be agreed by all parties.

Note 2: Such companies are new investments of the Group during the year.

Note 3: This company changed its name this year. In addition, the Group disposed of 2% equity interest of this company in the current year. However, according to this company's articles of association, the Group still has significant influence on it.

Note 4: Such companies were disposed of during the year, among which, provision for impairment of Nanjing Fata Tooling Co., Ltd. has been written off accordingly.

Note 5: During the year, such companies' shareholders made additional capital contribution in alignment with the original stake ratio to such companies by cash, of which total capital contributed by the Group was RMB 29,472,946.96.

Note 6: At the end of the year, the net amount of the long-term equity investment of RMB 667,736,502.23 has been pledged as collateral for bank loans, refer to Note (VIII) 49.

## 20. Investment properties

Measurement of investment properties

(1). Movements of investment properties measured at cost are as follows:

Unit: RMB

Item	Buildings	Land use right	Total
<b>I. Cost</b>			
December 31, 2016	3,200,000,256.94	695,590,461.55	3,895,590,718.49
2. Increase for the current period	590,030,639.64	53,032,790.00	643,063,429.64
(1) Purchase	211,206,272.71	-	211,206,272.71
(2) Transfer from inventories/ fixed assets/ construction in progress	161,052,594.93	-	161,052,594.93
(3) Increases due to changes in the scope of consolidation during the year	217,771,772.00	53,032,790.00	270,804,562.00
3. Decrease for the current period	77,400,574.32	10,244,691.63	87,645,265.95
(1) Disposals during the year	61,051,869.98	7,416,682.63	68,468,552.61
(2) Other transfer-out	16,348,704.34	2,828,009.00	19,176,713.34
4. December 31, 2017	3,712,630,322.26	738,378,559.92	4,451,008,882.18
<b>II. Accumulated depreciation and amortization</b>			
1. December 31, 2016	1,210,553,459.92	138,205,274.18	1,348,758,734.10
2. Increase for the current period	210,570,067.39	21,919,167.03	232,489,234.42
(1) Provision or amortization	125,481,150.99	17,826,729.03	143,307,880.02
(2) Transfer from fixed assets	27,548,201.40	-	27,548,201.40
(3) Increases due to changes in the scope of consolidation during the year	57,540,715.00	4,092,438.00	61,633,153.00
3. Decrease for the current period	36,923,425.07	2,643,098.16	39,566,523.23
(1) Disposals during the year	30,688,453.56	2,514,341.16	33,202,794.72
(2) Other transfer-out	6,234,971.51	128,757.00	6,363,728.51
4. December 31, 2017	1,384,200,102.24	157,481,343.05	1,541,681,445.29
<b>III. Impairment</b>			
1. December 31, 2016			
2. Increase for the current period			
3. Decrease for the current period			

SAIC MOTOR ANNUAL REPORT 2017

4. December 31, 2017			
<b>IV. Net book value</b>			
December 31, 2017	2,328,430,220.02	580,897,216.87	2,909,327,436.89
December 31, 2016	1,989,446,797.02	557,385,187.37	2,546,831,984.39

(2). Details of the certificates of title of investment properties that were not obtained are as follows:

✓ Applicable    □ N/A

Unit: RMB

Item	Book value as at December 31, 2017	Reasons for certificates of title have not been obtained
Buildings	306,386,068.25	In progress

Others

□ Applicable    ✓ N/A

21. Fixed assets

(1). General

✓ Applicable    □ N/A

Unit: RMB

Item	Buildings	Machinery and equipment	Electronic equipment, furniture and fixtures	Transportation vehicles	Mold	Total
<b>I. Cost</b>						
1. December 31, 2015	23,496,480,101.16	51,049,229,320.58	4,853,924,159.65	2,971,528,861.38	6,607,856,340.52	88,979,018,783.29
2. Increase for the current period	5,226,944,275.67	10,492,394,546.37	1,004,797,957.42	1,962,447,167.38	1,602,616,674.65	20,289,200,621.49
Purchase during the year	1,178,179,283.88	1,491,171,287.68	323,033,428.11	204,349,346.61	211,287,897.40	3,408,021,243.68
Transfer from construction in progress during the year	3,777,984,653.80	8,510,189,304.68	628,196,405.66	1,631,027,257.20	1,391,328,777.25	15,938,726,398.59
Increases due to changes in the scope of consolidation during the year	253,754,362.18	481,810,740.05	44,799,045.40	126,875,256.15	-	907,239,403.78
Transfer from investment properties during the year	16,348,704.34	-	-	-	-	16,348,704.34
Increases due to changes in the exchange rate during the year	677,271.47	9,223,213.96	8,769,078.25	195,307.42	-	18,864,871.10
3. Decrease for the current period	324,421,192.16	2,259,113,657.26	261,083,246.86	169,686,674.63	25,085,408.61	3,039,390,179.52
(1) Disposals and retirement	241,266,705.09	2,246,826,282.51	256,764,630.01	169,174,050.44	25,085,408.61	2,939,117,076.66
(2) Transfer to construction in progress	-	4,073,545.09	-	-	-	4,073,545.09
(3) Transfer to investment properties	59,861,752.50	-	-	-	-	59,861,752.50
(4) Decreases due to changes in the exchange rate during the year	23,292,734.57	8,213,829.66	4,318,616.85	512,624.19	-	36,337,805.27
4. December 31, 2017	28,399,003,184.67	59,282,510,209.69	5,597,638,870.21	4,764,289,354.13	8,185,387,606.56	106,228,829,225.26
<b>II. Accumulated depreciation</b>						
1. December 31, 2016	6,174,067,319.17	21,969,937,439.61	2,974,304,410.91	1,299,910,520.46	2,646,308,636.16	35,064,528,326.31
2. Increase for the current period	1,205,339,718.16	5,586,681,539.21	623,921,280.00	483,511,733.99	271,839,690.41	8,171,293,961.77
(1) Provision	1,105,762,414.49	5,363,578,810.81	595,200,082.54	447,029,930.90	271,839,690.41	7,783,410,929.15
(2) Transfer from investment properties	6,234,971.51	-	-	-	-	6,234,971.51
(3) Increases due to changes in the scope of consolidation	92,789,385.58	217,842,384.45	26,959,658.82	36,309,019.70	-	373,900,448.55
(4) Increases due to changes in the exchange rate	552,946.58	5,260,343.95	1,761,538.64	172,783.39	-	7,747,612.56
3. Decrease for the current period	149,626,455.23	1,665,142,149.39	209,126,600.15	118,983,327.12	8,215,780.18	2,151,094,312.07
(1) Disposals and retirement	116,817,821.11	1,657,902,661.06	207,376,916.57	118,709,159.45	8,215,780.18	2,109,022,338.37
(2) Transfer to construction in progress	-	2,990,718.94	-	-	-	2,990,718.94
(3) Transfer to investment properties	27,548,201.40	-	-	-	-	27,548,201.40
(4) Decreases due to changes in the exchange rate during the year	5,260,432.72	4,248,769.39	1,749,683.58	274,167.67	-	11,533,053.36
4. December 31, 2017	7,229,780,582.10	25,891,476,829.43	3,389,099,090.76	1,664,438,927.33	2,909,932,546.39	41,084,727,976.01
<b>III. Impairment</b>						
1. December 31, 2016	344,151,537.34	3,741,431,738.69	39,440,219.29	19,248,450.44	2,707,864,260.41	6,852,136,206.17
2. Increase for the current period	150,142.02	238,946,139.28	21,551,796.39	2,381,242.19	82,378,723.39	345,408,043.27
(1) Provision	150,142.02	227,437,003.46	20,318,136.91	2,381,242.19	82,378,723.39	332,665,247.97
(2) Increases due to changes in the scope of consolidation	-	2,910,270.99	1,060,527.67	-	-	3,970,798.66
(3) Increases due to changes in the exchange rate	-	695,654.77	-	-	-	695,654.77
(4) Transfer from construction in progress during the year	-	7,903,210.06	173,131.81	-	-	8,076,341.87
3. Decrease for the current period	4,374,167.61	260,535,865.30	177,871.76	121,753.30	14,892,387.63	280,102,045.60
(1) Decrease for the current period	4,374,167.61	260,456,208.30	177,871.76	121,753.30	14,892,387.63	280,022,388.60
(2) Decreases due to changes in the exchange rate during the year	-	79,657.00	-	-	-	79,657.00
4. December 31, 2017	339,927,511.75	3,719,842,012.67	60,814,143.92	21,507,939.33	2,775,350,596.17	6,917,442,203.84
<b>IV. Net book value</b>						
December 31, 2017	20,829,295,090.82	29,671,191,367.59	2,147,725,635.53	3,078,342,487.47	2,500,104,464.00	58,226,659,045.41
December 31, 2016	16,978,261,244.65	25,337,860,142.28	1,840,179,529.45	1,652,369,890.48	1,253,683,443.95	47,062,354,250.81

(2). Temporary idle fixed assets

□ Applicable    ✓ N/A

**(3). Fixed assets leased under finance leases**

□Applicable    √ N/A

**(4). Fixed assets leased out under operating leases**

□Applicable    √ N/A

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

√Applicable    □N/A

Unit: RMB

Item	December 31, 2017	Reasons for certificates of title have not been obtained
Buildings	6,063,971,248.53	In progress

At the year-end, buildings with net book value of RMB 656,103,870.84 were pledged as collateral for bank borrowings. Please refer to Note (VIII) 49 for more details.

Others:

□Applicable    √ N/A

**22. Construction in progress****(1). Details of the construction in process are as follows:**

√Applicable    □N/A

Unit: RMB

Item	December 31, 2017			December 31, 2016		
	Book balance	Impairment	Book value	Book balance	Impairment	Book value
Clutch transmission project and relocation	1,631,511,858.96	52,255,234.00	1,579,256,624.96	995,010,222.00	8,076,341.87	986,933,880.13
Project of technology improvement and capacity expansion of SGMW	4,059,291,461.80	-	4,059,291,461.80	3,453,995,153.62	-	3,453,995,153.62
Project of technology improvement and capacity expansion of Huizhong	521,694,621.82	200,000.00	521,494,621.82	401,138,655.97	200,000.00	400,938,655.97
Construction of MG Pukou base phase II of NAGC	355,353,571.80	-	355,353,571.80	664,952,853.30	-	664,952,853.30
Donghua CP4 logistics supporting project	28,323,422.69	-	28,323,422.69	72,383,091.65	175,469.40	72,207,622.25
Project of technology improvement and capacity expansion of Shanghai Diesel	116,638,749.61	31,716,626.11	84,922,123.50	82,639,408.11	31,716,626.11	50,922,782.00
Project of technology improvement and capacity expansion of Yanfeng Johnson	3,576,231,674.93	17,925,517.00	3,558,306,157.93	3,020,524,412.44	17,925,517.00	3,002,598,895.44
Project of passenger vehicles of self-owned brands	525,533,464.70	-	525,533,464.70	137,340,667.63	-	137,340,667.63
Project of R&D centre expansion	177,715,838.03	-	177,715,838.03	247,985,602.61	-	247,985,602.61
Project of construction of port of Anji Logistics	1,426,916,877.15	-	1,426,916,877.15	1,156,078,551.66	-	1,156,078,551.66
Project of self-owned brand of Commercial Vehicles	1,509,773,061.70	222,747.30	1,509,550,314.40	1,383,240,937.23	222,747.30	1,383,018,189.93
Project of photovoltaic generation of Asset Management	41,516,654.43	-	41,516,654.43	151,945,303.82	-	151,945,303.82
Project of self-owned brand in Thailand	366,395,657.95	-	366,395,657.95	3,930,643.12	-	3,930,643.12
Project of import and export international distribution center	238,707,387.63	-	238,707,387.63	159,639,795.82	-	159,639,795.82
Global Car Sharing periodic lease project	768,010,014.80	-	768,010,014.80	172,438,153.50	-	172,438,153.50
Shanghong Real Estate Changfeng project	446,179,690.95	-	446,179,690.95	186,223,224.40	-	186,223,224.40
MG Indian project	207,908,069.34	-	207,908,069.34	-	-	-
Donghua Pukou Qiaolin project	-	-	-	522,294,877.53	-	522,294,877.53
Others	581,589,540.88	-	581,589,540.88	513,152,006.36	-	513,152,006.36
Total	16,579,291,619.17	102,320,124.41	16,476,971,494.76	13,324,913,560.77	58,316,701.68	13,266,596,859.09

SAIC MOTOR ANNUAL REPORT 2017

(2). Movement of major construction in progress:

√Applicable    □N/A

Unit: RMB

Name of item	Budget	December 31, 2016	Increase during the year	Transfer to fixed assets upon completion	Other decreases during this year	December 31, 2017	Proportion of project investment to the budget (%)	Project progress	Accumulated interest capitalized	Including: interest capitalized	Rate of interest capitalized (%)	Sources of funds
Dual clutch transmission project and relocation	6,791,808,696.10	995,010,222.00	1,402,016,348.52	707,046,154.89	58,468,556.67	1,631,511,858.96	88	Under construction	80,772,549.49	3,756,483.00	5.20	Self-financed and raised funds
Project of technology improvement and capacity expansion of SGMW	14,533,769,174.93	3,453,995,153.62	3,401,331,805.29	2,662,677,749.62	133,357,747.49	4,059,291,461.80	81	Under construction	-	-		Self-financed
Project of technology improvement and capacity expansion of Huizhong	3,064,529,945.44	401,138,655.97	515,456,373.77	394,900,407.92	-	521,694,621.82	92	Under construction	-	-		Self-financed
Construction of MG Pukou base phase II of NAGC	5,823,707,927.23	664,952,853.30	2,072,474,682.61	2,362,642,503.81	19,431,460.30	355,353,571.80	49	Under construction	-	-		Self-financed
Donghua CP4 logistics supporting project	543,673,744.32	72,383,091.65	103,391,199.52	94,949,385.19	52,501,483.29	28,323,422.69	73	Under construction	-	-		Self-financed
Donghua Pukou Qiaolin project	2,032,841,151.01	522,294,877.53	196,491,184.71	718,786,062.24	-	-	76	Under construction	-	-		Self-financed
Project of technology improvement and capacity expansion of Shanghai Diesel	2,702,939,298.00	82,639,408.11	100,173,169.96	57,393,689.35	8,780,139.11	116,638,749.61	60	Under construction	-	-		Self-financed
Project of technology improvement and capacity expansion of Yanfeng Johnson	6,382,368,003.15	3,020,524,412.44	4,420,460,083.81	3,455,532,255.84	409,220,565.48	3,576,231,674.93	69	Under construction	59,227,406.70	20,892,965.68	5.99	Self-financed and raised funds
Project of passenger vehicles of self-owned brands	13,252,088,831.41	137,340,667.63	1,768,268,963.28	1,372,356,586.34	7,719,579.87	525,533,464.70	64	Under construction	-	-		Self-financed and raised funds
Project of R&D centre expansion	3,757,673,219.00	247,985,602.61	256,851,608.74	296,844,298.86	30,277,074.46	177,715,838.03	79	Under construction	-	-		Self-financed and raised funds
Project of construction of	3,898,571,229.00	1,156,078,551.66	779,528,216.81	472,816,056.11	35,873,835.21	1,426,916,877.15	78	Under construction	-	-		Self-financed

SAIC MOTOR ANNUAL REPORT 2017

port of Anji Logistics													
Project of self-owned brand of Commercial Vehicles	6,397,278,498.69	1,383,240,937.23	1,079,055,313.42	830,513,628.46	122,009,560.49	1,509,773,061.70	50	Under construction	-	-			Self-financed and raised funds
Project of photovoltaic generation of Asset Management	1,380,807,783.92	151,945,303.82	400,694,158.62	478,241,858.88	32,880,949.13	41,516,654.43	88	Under construction	12,088,653.26	574,621.00	4.90		Self-financed
Project of self-owned brand in Thailand	1,152,000,000.00	3,930,643.12	976,492,207.77	610,903,738.30	3,123,454.64	366,395,657.95	32	Under construction	-	-			Self-financed
Project of import and export international distribution center	530,517,962.54	159,639,795.82	79,067,591.81	-	-	238,707,387.63	45	Under construction	-	-			Self-financed
Global Car Sharing periodic lease project	1,063,700,000.00	172,438,153.50	1,557,688,338.56	951,945,555.17	10,170,922.09	768,010,014.80	86	Under construction	-	-			Self-financed
Shanghong Real Estate Changfeng project	3,030,470,000.00	186,223,224.40	259,956,466.55	-	-	446,179,690.95	45	Under construction	-	-			Self-financed
MG Indian project	500,000,000.00	-	207,908,069.34	-	-	207,908,069.34	42	Under construction	-	-			Self-financed
Others	7,544,694,838.55	513,152,006.36	555,041,842.15	471,176,467.61	15,427,840.02	581,589,540.88		Under construction	-	-			Self-financed
<b>Total</b>	<b>84,383,440,303.29</b>	<b>13,324,913,560.77</b>	<b>20,132,347,625.24</b>	<b>15,938,726,398.59</b>	<b>939,243,168.25</b>	<b>16,579,291,619.17</b>			<b>152,088,609.45</b>	<b>25,224,069.68</b>			

**(3). Impairment for constructions in progress:**

√Applicable    □N/A

Unit: RMB

Item	Provision	Reason for provision
Dual clutch transmission etc.	52,255,234.00	
Dalian Shanghai Diesel product line and plant construction		
Item	Provision	Reason for provision
Yanfeng trim, seat, electronic technology renovation project		
Shanghai Huizhong technically improve and capacity expansion project	200,000.00	
Others		
<b>Total</b>	<b>52,455,234.00</b>	

Other particulars

√Applicable    □N/A

At the year-end, constructions in progress with net book value of RMB 249,013,375.78 were pledged as collateral for bank borrowings. Please refer to Note (VIII) 49 for more details.

**23. Materials for construction of fixed assets**

□Applicable    √N/A

**24. Disposal of fixed assets**

□Applicable    √N/A

**25. Bearer biological assets****(1). Bearer biological assets measured at cost**

□Applicable    √N/A

**(2). Bearer biological assets measured at fair value**

□Applicable    √N/A

Other particulars

□Applicable    √N/A

**26. Oil and gas assets**

□Applicable    √N/A

**27. Intangible assets****(1). General**

√Applicable    □N/A

Unit: RMB

Item	Land use right	Know-how	Royalties	Software	Patent	Trademark right	Others	Total
I. Cost								
1. December 31, 2016	10,578,615,062.41	3,513,139,159.46	178,567,288.21	1,921,632,005.62	1,033,952,252.05	264,646,379.89	946,186,878.86	18,436,739,026.50
2. Increase for the period	1,114,036,323.59	49,202,237.44	4,886,222.45	507,208,130.49	-	316,553.40	43,106,972.97	1,718,756,440.34
(1) Purchase	674,670,933.12	34,885,403.66	1,783,916.50	203,694,245.12	-	316,553.40	18,513,499.91	933,864,551.71
(2) Internal R&D								
(3) Increases due to changes in the scope of consolidation	124,310,050.83	-	-	13,544,820.56	-	-	22,592,080.00	160,446,951.39
(4) Transfer from investment properties	2,828,009.00	-	-	-	-	-	-	2,828,009.00
(5) Transfer from construction in progress	289,759,632.67	-	3,102,305.95	285,721,182.10	-	-	751,509.00	579,334,629.72
(6) Increases due to changes in the exchange rate	22,467,697.97	14,316,833.78	-	4,247,882.71	-	-	1,249,884.06	42,282,298.52
3. Decrease for the period	56,708,878.25	3,298,788.99	7,136,959.27	31,079,426.53	-	-	750,799.73	98,974,852.77
(1) Disposals	21,960,521.34	3,298,788.99	7,136,959.27	29,604,469.01	-	-	750,799.73	62,751,538.34
(2) Decreases due to changes in the exchange rate	34,748,356.91	-	-	1,474,957.52	-	-	-	36,223,314.43
4. December 31, 2017	11,635,942,507.75	3,559,042,607.91	176,316,551.39	2,397,760,709.58	1,033,952,252.05	264,962,933.29	988,543,052.10	20,056,520,614.07
II. Accumulated								



SAIC MOTOR ANNUAL REPORT 2017

amortization									
1. December 31, 2016	1,065,733,527.28	2,283,042,807.23	149,392,338.25	1,164,759,092.58	952,649,827.77	91,725,538.56	915,458,052.72	6,622,761,184.39	
2. Increase for the period	214,647,544.67	90,621,791.70	7,236,829.26	332,772,682.55	2,424.28	24,330,165.05	25,000,043.95	694,611,481.46	
(1) Provision	197,993,596.80	85,462,289.08	7,236,829.26	327,467,486.12	2,424.28	24,330,165.05	24,548,052.42	667,040,843.01	
(2) Transfer from investment properties	128,757.00	-	-	-	-	-	-	128,757.00	
(3) Increases due to changes in the exchange rate during the year	-	5,159,502.62	-	1,735,252.96	-	-	451,991.53	7,346,747.11	
(4) Increases due to changes in the scope of consolidation	16,525,190.87	-	-	3,569,943.47	-	-	-	20,095,134.34	
3. Decrease for the period	8,860,211.68	1,907,432.00	1,809,835.01	20,013,436.03	-	-	-	32,590,914.72	
(1) Disposals	8,856,569.68	1,907,432.00	1,809,835.01	20,013,436.03	-	-	-	32,587,272.72	
(2) Decrease due to changes in the exchange rate during the year	3,642.00	-	-	-	-	-	-	3,642.00	
4. December 31, 2017	1,271,520,860.27	2,371,757,166.93	154,819,332.50	1,477,518,339.10	952,652,252.05	116,055,703.61	940,458,096.67	7,284,781,751.13	
III. Impairment									
1. December 31, 2016	3,612,787.25	889,184,890.58	4,714,950.00	38,223,494.25	81,250,000.00	-	-	1,016,986,122.08	
2. Increase for the period	-	934,551.82	-	8,503,156.89	-	-	-	9,437,708.71	
(1) Provision	-	-	-	8,503,156.89	-	-	-	8,503,156.89	
(2) Increases due to changes in the exchange rate during the year	-	934,551.82	-	-	-	-	-	934,551.82	
3. Decrease for the period	-	-	-	-	-	-	-	-	
(1) Disposals	-	-	-	-	-	-	-	-	
4. December 31, 2017	3,612,787.25	890,119,442.40	4,714,950.00	46,726,651.14	81,250,000.00	-	-	1,026,423,830.79	
IV. Net book value									
December 31, 2017	10,360,808,860.23	297,165,998.58	16,782,268.89	873,515,719.34	50,000.00	148,907,229.68	48,084,955.43	11,745,315,032.15	
December 31, 2016	9,509,268,747.88	340,911,461.65	24,459,999.96	718,649,418.79	52,424.28	172,920,841.33	30,728,826.14	10,796,991,720.03	

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

**(2). Details of the certificates of title of land use right that were not obtained are as follows:**

Applicable     N/A

Unit: RMB

Item	Book value as at December 31, 2017	Reasons for certificates of title have not been obtained
Land use right	1,139,950,466.80	In progress

Others:

Applicable     N/A

At the year-end, land use right with net book value of RMB 333,346,470.52 was pledged as collateral of bank borrowings. Refer to Note (VIII) 49 for more details.

**28. Development expenditures**

Applicable     N/A

Unit: RMB

Item	December 31, 2016	Increase		Decrease		December 31, 2017
		Internal development expenditure	Others	Recognized as intangible assets	Recognized in profit and loss	
Research expenditures	-	2,782,783,466.48			2,782,783,466.48	-
Development expenditures	2,391,298.20	8,279,259,658.34			8,279,925,448.78	1,725,507.76
<b>Total</b>	<b>2,391,298.20</b>	<b>11,062,043,124.82</b>			<b>11,062,708,915.26</b>	<b>1,725,507.76</b>

Others

Development expenditures accounts for 74.84% of total research and development expenditures during the year.

## 29. Goodwill

### (1). Cost

Applicable  N/A

Unit: RMB

Invested company or events generating goodwill	December 31, 2016	Increase	Decrease	December 31, 2017
		Business combination	Disposal	
SAIC-GMAC Automotive Finance Co., Ltd.	333,378,433.68	-		333,378,433.68
Shanghai International Automobile City New Energy Automobile Operation Service Co., Ltd.	142,443,867.15	-		142,443,867.15
Chongqing Yanfeng Johnson Automotive Parts Systems Co., Ltd.	71,566,642.00	-		71,566,642.00
Wuhan Zhonghaiting Data Technology Co., Ltd.(Note)	-	55,012,594.38		55,012,594.38
Shanghai Sunwin Bus Co., Ltd.	53,349,858.83	-		53,349,858.83
Shanghai Diesel	6,994,594.88	-		6,994,594.88
Zhejiang Lishui Yidong New Energy Automobile Operation Service Co., Ltd.	2,820,855.59	-		2,820,855.59
Zhejiang Quzhou Yidong New Energy Automobile Operation Service Co., Ltd.	946,936.57	-		946,936.57
ANJI-CEVA Logistics Co., Ltd.	290,248.50	-		290,248.50
Others	61,210,974.61			61,210,974.61
<b>Total</b>	<b>673,002,411.81</b>	<b>55,012,594.38</b>		<b>728,015,006.19</b>

Note: Refer to Note (IX) 1 for more details

### (2). Impairment Provision

Applicable  N/A

Unit: RMB

Invested company	December 31, 2016	Increase	Decrease	December 31, 2017
		Provision	Disposal	
Others	4,343,885.36			4,343,885.36
<b>Total</b>	<b>4,343,885.36</b>			<b>4,343,885.36</b>

Describe the process, parameters for testing impairment of goodwill and the recognition of impairment loss of goodwill.

Applicable  N/A

Others

Applicable  N/A

## 30. Long-term deferred expenses

Applicable  N/A

Unit: RMB

Item	December 31, 2016	Increase	Amortization	Other decrease	December 31, 2017
Improvement expenditure of fixed assets under operating lease	1,418,742,827.92	631,700,887.08	412,637,322.51	11,298,157.05	1,626,508,235.44
Others	123,926,270.17	162,899,685.21	78,108,066.78		208,717,888.60
<b>Total</b>	<b>1,542,669,098.09</b>	<b>794,600,572.29</b>	<b>490,745,389.29</b>	<b>11,298,157.05</b>	<b>1,835,226,124.04</b>

**31. Deferred tax assets/deferred tax liabilities****(1). Deferred tax assets before offsetting**

√ Applicable    □N/A

Unit: RMB

Item	December 31, 2017		December 31, 2016	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Assets impairment	6,333,639,496.66	1,378,957,429.00	4,880,915,302.40	1,029,305,854.33
Unrealized profit elimination				
Deductible losses				
Temporary difference arising from depreciation of fixed assets	703,719,309.08	186,755,595.17	268,947,349.62	82,181,535.99
Temporary difference arising from amortization of intangible assets	41,432,648.24	10,358,159.55	34,078,677.95	8,519,669.49
Deferred income	5,528,896,447.55	1,260,778,581.80	3,638,031,465.98	810,984,333.00
AFS financial assets at fair value	5,657,565.00	1,414,391.25	11,045,568.75	2,761,392.19
Financial assets at fair value through profit or loss, measured at fair value	143,223,172.96	35,805,793.24	38,578,679.20	9,644,669.80
Liabilities accrued but not deductible before tax	88,786,647,525.85	20,510,815,201.47	75,062,149,882.14	17,506,538,688.17
Elimination of unrealized gross profit	4,083,479,312.50	1,015,721,035.76	3,776,495,582.93	933,377,928.72
Others	2,599,712,967.62	606,289,422.21	1,996,068,627.30	470,667,109.31
<b>Total</b>	<b>108,226,408,445.46</b>	<b>25,006,895,609.45</b>	<b>89,706,311,136.27</b>	<b>20,853,981,181.00</b>

**(2). Deferred tax liabilities before offsetting**

√ Applicable    □N/A

Unit: RMB

Item	December 31, 2017		December 31, 2016	
	Taxable temporary differences	Differed tax liabilities	Taxable temporary differences	Differed tax liabilities
Effect of fair value measurement of assets arising from business combination not involving enterprises under common control				
Financial assets designated at FVTPL	89,420,580.42	22,355,145.11	33,486,499.41	8,371,624.85
Changes in fair values of available-for-sale financial assets	13,163,101,455.13	2,514,058,711.87	8,283,001,715.22	1,792,619,247.19
Effect of fair value measurement of fixed assets, intangible assets and other long-term assets obtained through business combination not involving enterprises under common control	855,154,204.36	240,845,009.98	718,907,732.84	195,320,895.87
Temporary difference of depreciation of fixed assets	1,205,815,373.46	259,936,203.90	585,038,636.84	195,745,017.96
Others	463,730,533.07	119,454,444.49	100,868,421.94	21,260,003.97
<b>Total</b>	<b>15,777,222,146.44</b>	<b>3,156,649,515.35</b>	<b>9,721,303,006.25</b>	<b>2,213,316,789.84</b>

**(3). Deferred tax assets/deferred tax liabilities that are presented at the net amount after offsetting:**

√ Applicable    □N/A

Unit: RMB

Item	Deferred tax assets offset by deferred tax liabilities at December 31, 2017	Net amount of deferred tax assets (liabilities) at December 31, 2017	Deferred tax assets offset by deferred tax liabilities at December 31, 2016	Net amount of deferred tax assets (liabilities) at December 31, 2016
Differed tax assets	71,601,227.24	24,935,294,382.21	1,736,928.53	20,852,244,252.47
Differed tax liabilities	71,601,227.24	3,085,048,288.11	1,736,928.53	2,211,579,861.31

**(4). Details of unrecognized deferred tax assets**

√ Applicable    □N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Deductible temporary differences		
Deductible losses		
Deductible losses and deductible temporary differences	61,662,573,167.69	57,533,108,409.90
<b>Total</b>	<b>61,662,573,167.69</b>	<b>57,533,108,409.90</b>

**(5). Deductible losses unrecognized in deferred tax assets that will be due in the following years**

□Applicable    √N/A

Others:

Applicable    □N/A

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

Unit: RMB

Item	Amount
December 31, 2016	18,640,664,391.16
Decrease due to changes in the scope of consolidation during the year	-34,796,936.70
Recognized in profit and loss of the year	3,967,165,105.26
Recognized in equity during the year	-722,786,465.62
December 31, 2017	21,850,246,094.10

**32. Other non-current assets**

√ Applicable    □N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Prepayment of long-term assets	1,324,323,865.74	1,079,379,099.74
Long-term entrusted loans	155,000,000.00	162,500,000.00
Investment in receivables (Note 1)	220,000,000.00	20,314,711.46
Continuous involvement in the financial assets (Note 1)	182,200,000.00	
Long-term loans (Note 2)		220,849,689.64
Others	464,865,644.79	354,336,974.63
Less: Impairment of other non-current assets	-37,800,000.00	-220,849,689.64
Less: Other non-current assets due within one year		
<b>Total</b>	<b>2,308,589,510.53</b>	<b>1,616,530,785.83</b>

Other particulars:

Note 1: At the end of the year, investment in receivables represents the subordinated asset-backed securities issued by a special purpose trust held by SAIC-GMAC, a subsidiary of the Company. At the end of the year, investment in receivables totaled to RMB 220,000,000.00, impairment provision of RMB 37,800,000.00 was made, and the book value was RMB 182,200,000.00. Meanwhile, SAIC-GMAC has recognized financial assets and financial liabilities due to its continuous involvement. The securities will be matured in 2019.

Note 2: The balance represents the long-term loans to SAIC GM Investment Co., Ltd. with an amount of RMB 220,849,689.64, impairment loss of previous years has been provided in full amount. The long-term loans were fully received in the current year and the corresponding impairment provision has been fully reversed.

**33. Short-term borrowings****(1). Category of short borrowings**

√ Applicable    □ N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Pledge loans	154,000,000.00	46,527,909.00
Mortgage loans		
Guaranteed loans	672,000,000.00	120,472,000.00
Credit loans	14,891,398,963.92	8,561,150,675.10
<b>Total</b>	<b>15,717,398,963.92</b>	<b>8,728,150,584.10</b>

Note 1: At the end of the year, guaranteed loans were jointly secured by Chongqing Machinery & Electronics Holding (Group) Co., Ltd., Shanghai International Automobile City (Group) Co., Ltd. and Shanghai International Automobile City Anting Cooperative Development Co., Ltd.

Note 2: At the end of the year, equivalent bank acceptances were pledged to secure loans of RMB 14,000,000.00, as stated in Note (VIII) 4; and accounts receivables of book value of RMB 95,613,040.07 were pledged to secure loans of RMB 140,000,000.00, as stated in Note (VIII) 5.

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

□ Applicable    √ N/A

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

□ Applicable    √ N/A

Other particulars

□ Applicable    √ N/A

**34. Customer deposits and deposits from banks and other financial institutions**

Unit: RMB

Item	December 31, 2017	December 31, 2016
Enterprises' deposits held by SFC and SAIC-GMAC	55,393,680,450.87	31,948,855,044.72
Short-term deposits held by SFC and SAIC-GMAC	15,091,995,948.21	11,092,613,881.50
<b>Total</b>	<b>70,485,676,399.08</b>	<b>43,041,468,926.22</b>

**35. Loans from banks and other financial institutions**

Unit: RMB

Item	December 31, 2017	December 31, 2016
Loans from banks and other financial institutions	34,930,500,000.00	27,400,000,000.00

**36. Financial liabilities at fair value through profit or loss**

√ Applicable    □ N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Designated as financial liabilities at fair value through profit or loss	194,535,047.77	
Cash flow hedging instruments - currency swap contracts	9,088,763.89	
<b>Total</b>	<b>203,623,811.66</b>	

**37. Derivative financial liabilities**

□ Applicable    √ N/A

**38. Notes payable**

√ Applicable    □ N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Commercial acceptances	391,888,636.87	458,253,503.31
Bank acceptances	16,149,531,892.53	11,282,658,659.61
<b>Total</b>	<b>16,541,420,529.40</b>	<b>11,740,912,162.92</b>

**39. Accounts payable****(1). Details of accounts payable are as follows:**

√ Applicable    □ N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Accounts payable for purchase of materials and equipment, etc.	121,119,412,722.34	104,739,834,221.78
<b>Total</b>	<b>121,119,412,722.34</b>	<b>104,739,834,221.78</b>

**(2). Description of significant accounts payable aged more than one year**

□ Applicable    √ N/A

Other particulars

□ Applicable    √ N/A

**40. Receipts in advance****(1). Details of receipts in advance are as follows:**

√ Applicable    □ N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Receipt in advance arising from sales of vehicles, materials and parts, etc.	27,177,408,061.93	22,675,737,991.07
<b>Total</b>	<b>27,177,408,061.93</b>	<b>22,675,737,991.07</b>

**(2). Description of significant receipts in advance from customers aged more than one year**

□ Applicable    √ N/A

**(3). Settled but uncompleted projects formed by construction contract at the year-end:**

□ Applicable    √ N/A

Other particulars

□ Applicable    √ N/A

**41. Employee benefits payable****(1). Details of employee benefits payable are as follows:**

√ Applicable    □ N/A

Unit: RMB

Item	December 31, 2016	Increase	Decrease	December 31, 2017
I. Short-term employee benefits	9,734,329,613.58	31,358,160,949.82	31,588,951,075.21	9,503,539,488.19
II. Post-employment benefit - defined contribution plans	144,098,846.39	1,493,263,182.35	1,465,346,382.56	172,015,646.18
III. Termination benefits	276,298,305.90	242,171,520.23	254,508,390.09	263,961,436.04
IV. Other benefits due within one year				
<b>Total</b>	<b>10,154,726,765.87</b>	<b>33,093,595,652.40</b>	<b>33,308,805,847.86</b>	<b>9,939,516,570.41</b>

**(2). Details of short-term employee benefits are as follows:**

√ Applicable    □N/A

Unit: RMB

Item	December 31, 2016	Increase	Decrease	December 31, 2017
I. Payroll, bonus, allowance and compensation	6,614,956,715.32	24,997,148,947.86	25,679,531,140.08	5,932,574,523.10
II. Staff incentive and welfare fund	2,226,544,468.32	483,788,782.66	97,612,107.86	2,612,721,143.12
III. Social security contributions	212,398,413.19	2,162,002,148.98	2,152,030,867.72	222,369,694.45
Including: Medical premium				
Working injury premium				
Maternity Premium				
IV. Housing funds	33,001,259.33	1,054,796,000.25	1,035,670,571.31	52,126,688.27
V. Trade union fund and employee education fund	393,986,178.45	352,686,162.39	333,901,487.51	412,770,853.33
VI. Short-term compensated absences				
VII. Short-term profit sharing plan				
Others	253,442,578.97	2,307,738,907.68	2,290,204,900.73	270,976,585.92
<b>Total</b>	<b>9,734,329,613.58</b>	<b>31,358,160,949.82</b>	<b>31,588,951,075.21</b>	<b>9,503,539,488.19</b>

**(3). Defined contribution plans**

√ Applicable    □N/A

Unit: RMB

Item	December 31, 2016	Increase	Decrease	December 31, 2017
Basic pensions	135,142,808.41	1,407,285,455.62	1,378,201,902.27	164,226,361.76
Unemployment insurance	7,102,440.80	70,543,978.28	69,857,134.66	7,789,284.42
Corporate annuity	1,853,597.18	15,433,748.45	17,287,345.63	-
<b>Total</b>	<b>144,098,846.39</b>	<b>1,493,263,182.35</b>	<b>1,465,346,382.56</b>	<b>172,015,646.18</b>

Others:

□Applicable    √ N/A

**42. Taxes payable**

√ Applicable    □N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Value added tax	7,621,796,125.16	5,553,772,308.77
Consumption tax	676,683,544.80	512,938,290.10
Enterprise income tax	7,572,666,814.42	6,700,366,290.81
Individual income tax	216,952,660.74	240,924,446.99
City construction and maintenance tax	315,884,393.42	221,750,110.38
Education surcharge	436,007,251.07	315,512,578.21
Land use tax	44,993,648.20	43,497,267.77
River management fees	-	134,312,857.65
Others	244,192,406.73	190,725,735.47
<b>Total</b>	<b>17,129,176,844.54</b>	<b>13,913,799,886.15</b>

**43. Interest payables**

□Applicable    √ N/A

Details of overdue unpaid interest with significant amount:

□Applicable    √ N/A

Others:

□Applicable    √ N/A

**44. Dividends payable**

√ Applicable    □ N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Dividends payable of subsidiaries due to minority shareholders	679,330,055.29	255,265,008.62
<b>Total</b>	<b>679,330,055.29</b>	<b>255,265,008.62</b>

**45. Other payables****(1). Other payables listed by nature**

√ Applicable    □ N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Sales commission and discount	42,504,199,096.00	32,719,303,776.85
Dealers' deposits and other deposits	2,012,849,105.00	2,198,530,633.93
Others	14,524,695,392.18	10,449,889,771.60
<b>Total</b>	<b>59,041,743,593.18</b>	<b>45,367,724,182.38</b>

**(2). Significant other payables aged more than one year:**

□ Applicable    √ N/A

Others:

□ Applicable    √ N/A

**46. Liabilities held for sale**

□ Applicable    √ N/A

**47. Non-current liabilities due within one year**

√ Applicable    □ N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Long-term borrowings due within one year	3,726,475,396.84	1,205,031,809.66
Bonds payable due within one year	6,561,571,389.61	2,162,290,339.13
Provisions due within one year	6,646,505,329.10	5,304,323,337.35
Long-term payables due within one year	2,211,637.00	1,975,262.00
<b>Total</b>	<b>16,936,763,752.55</b>	<b>8,673,620,748.14</b>

Others:

**(1) Long-term borrowings due within one year**

Unit: RMB

Item	December 31, 2017	December 31, 2016
Credit loans	3,112,086,058.84	918,413,043.16
Pledged loans	361,184,463.00	259,713,343.00
Mortgage loans	162,360,000.00	24,000,000.00
Guaranteed loans	90,844,875.00	2,905,423.50
<b>Total</b>	<b>3,726,475,396.84</b>	<b>1,205,031,809.66</b>

**(2) Bonds payable due within one year**

Unit: RMB

Item	December 31, 2017	December 31, 2016
Bonds payable	6,561,571,389.61	2,162,290,339.13



**(3) Provisions due within one year**

Unit: RMB

Item	December 31, 2017	December 31, 2016
Warranty	6,176,539,020.71	5,275,810,147.35
Others	469,966,308.39	28,513,190.00
<b>Total</b>	<b>6,646,505,329.10</b>	<b>5,304,323,337.35</b>

**(4) Long-term payables due within one year**

Unit: RMB

Item	December 31, 2017	December 31, 2016
Long-term payables	2,211,637.00	1,975,262.00

**48. Other current liabilities**

Other current liabilities

√ Applicable    □ N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Accrued expenses	116,215,224.84	136,154,565.63
Output VAT accrued but not yet payable	24,761,606.01	64,000,027.88
<b>Total</b>	<b>140,976,830.85</b>	<b>200,154,593.51</b>

Changes in short-term bonds payable:

□ Applicable    √ N/A

Others:

□ Applicable    √ N/A

**49. Long-term borrowings****(1). Categories of long-term borrowings**

√ Applicable    □ N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
Pledged loans (Note 1)	1,056,003,907.00	1,093,753,513.16
Mortgage loans (Note 2)	720,308,531.04	617,356,852.35
Guaranteed loans (Note 3)	2,081,800,695.90	1,063,475,674.72
Credit loans (Note 4)	6,762,382,725.12	2,716,438,075.01
Less: Long-term borrowings due within one year	-3,726,475,396.84	-1,205,031,809.66
<b>Total</b>	<b>6,894,020,462.22</b>	<b>4,285,992,305.58</b>

Explanation for long-term borrowings:

Note 1: At the year-end, investments of equity instruments with fair value of RMB 216,281,525.95 were pledged to secure loans of RMB 104,000,000.00, refer to Note (VIII) 2; financial leases receivable with the book value of RMB 731,640,975.90 was pledged to secure loans of RMB 652,003,907.00 as collateral, refer to Note (VIII) 18; long-term equity investments with the book value of RMB 667,736,502.23 were pledged to secure loans of RMB 300,000,000.00 as collateral, refer to Note (VIII) 19.

Note 2: At the year-end, intangible assets-land use rights with the net book value of RMB 90,383,420.37, fixed assets-buildings with the net book value of RMB 418,483,634.19 and construction in progress with the net value of RMB 152,459,965.96 were pledged to secure loans of RMB 555,930,000.00, refer to Note (VIII) 21, 22, 27; fixed assets-buildings with the net book value of RMB 170,306,877.47 and the net book value of RMB 45,042,096.00 were pledged to secure loans of RMB 48,400,000.00, refer to (VIII) 21 22; fixed assets- buildings with the net book value of RMB 67,313,359.18 were pledged to secure loans of RMB 36,200,000.00, refer to Note (VIII) 21; construction in progress with the net book value of RMB 96,553,409.82 and land use rights with the net book value of RMB 197,920,954.15 were pledged as collaterals to secure loans of RMB 79,778,531.04, refer to Note (VIII) 22, 27.

Note 3: At the year-end, the guaranteed loans of RMB 902,134,000.90 were jointly secured by the Company and CP Motor Holding Co., Ltd.; the guaranteed loans of RMB 1,097,012,000.00 were secured by Shanghai International Automobile City (Group) Co., Ltd.; the guaranteed loans of RMB 73,652,400.00 were secured by Shanghai International Automobile City New Anting Cooperative Development Co., Ltd.; the guaranteed loans of RMB 9,002,295.00 were jointly secured by Huayu Automobile and E.C.I. Group Co., Ltd., a subsidiary of the Group.

Note 4: At the year-end, the credit loan of RMB 190,000,000.00 is "postponed" mortgaged loan of SAIC-IVECO Hongyan, a subsidiary of the Group. It is credit loan during the construction period of the Axles Project with Annual Output of 300,000, and the axle properties and machinery and equipment will be pledged after the Project is completed. As at the year-end, the assets of Axles Project with Annual Output of 300,000 were not qualified for the mortgage registration, SAIC-IVECO Hongyan and the borrower have not yet signed the mortgage contract.

Others, including interest rate range:

Applicable N/A

## 50. Bonds payable

### (1). Bonds payable

Applicable N/A

Unit: RMB

Category	December 31, 2017	December 31, 2016
Corporate bonds of HASCO (Note 1)	2,700,490,000.00	2,700,490,000.00
Non-bank financial institution bonds of SAIC-GMAC (Note 2)	7,979,482,866.95	6,476,807,427.68
Asset-backed securities of SFC and SAIC GMAC (Note 3)	2,953,451,871.90	7,145,120,987.95
Less: Bonds payable due within one year	-6,561,571,389.61	-2,162,290,339.13
<b>Total</b>	<b>7,071,853,349.24</b>	<b>14,160,128,076.50</b>

Note 1: As approved by China Securities Regulatory Commission Zheng Jian Xu Ke [2013] No. 1380, "Approval of HASCO's Issue of Corporate Bonds", HASCO, the Company's subsidiary, issued corporate bonds of RMB 4,000,000,000 on November 21, 2013 at par value of RMB 100 per bond. The bonds were categorized as two types: Type 1 (two-year bond) and Type 2 (five-year bond attached with interest rate adjustment option for the issuer and put option for the bondholders at the end of the third year). Amount of Type 1 bond is RMB 1,200,000,000 and coupon rate is 5.60% per annum. Amount of Type 2 bond is RMB 2,800,000,000 and coupon rate is 5.72% per annum, no compound interest, payable annually and repayable with principal and interest at maturity. There is no guarantee on the corporate bonds issued. Type 1 bond was fully repaid in 2015.

SFC, the Company's subsidiary, subscribed for RMB 99,510,000.00 of the corporate bonds of HASCO. After inter-group elimination, balance of bonds payable as at the year-end is RMB 2,700,490,000.00.

Note2: SAIC-GMAC, the Company's subsidiary, issued a three-year bond with fixed interest rates of RMB 3,000,000,000 on January 20, 2016 in inter-bank bond markets. The coupon rate is 3.25% per annum. Interests of the bond shall be paid annually. Maturity date of the bond is January 20, 2019; a two-year bond with fixed interest rates of RMB 2,000,000,000 was issued on January 20, 2016 in inter-bank bond markets. The coupon rate is 3.1 % per annum. Interests of the bond shall be paid annually. Maturity date of the bond is January 20, 2018; a bond with fixed interest rates of RMB 3,000,000,000 was issued on February 14, 2017 in inter-bank bond markets. The coupon rate is 4.35% per annum. Maturity date of the bond is February 16, 2020. At the year-end, the book balance of above bonds is RMB 7,979,482,866.95, in which RMB 1,999,624,789.61 will be due within one year.

Note3: SAIC-GMAC issued a preferred asset-backed security with floated interest rates at par value of RMB 2,710,000,000.00 on Feb 23, 2016, which will be due in July, 2018; preferred asset-backed security with floated interest rates at par value of RMB 3,580,000,000.00 was issued on June 22, 2016, which was estimated to be due in April, 2018; preferred asset-backed security with fixed interest rates at par value of RMB 3,448,000,000.00 was issued on March 8, 2017, which was estimated to be due in December 2018; the subsidiary company of the company-SAIC Finance Co., Ltd., issued asset-backed security with fixed interest rates at par value of RMB 2,984,996,268.00 on November 22, 2016, which was estimated to be due in February, 2021; preferred asset-backed security with floated interest rates at par value of RMB 3,338,000,000.00 was issued on February 27, 2017, which was estimated to be due in September 2020. At the year-end, the book balance of above asset-backed security is RMB 2,953,451,871.90, in which RMB 1,861,456,600.00 will be due within one year.

**(2). Changes in bonds payable (not including preferred stock, perpetual capital securities and other financial instruments which are classified as financial liabilities)**

Applicable      N/A

**(3). Convertible conditions and time period for convertible corporate bonds:**

Applicable      N/A

**(4). Other financial instruments classified as financial liabilities:**

Basic information for outstanding preferred stock, perpetual capital securities and other financial instruments at of the end of the period

Applicable      N/A

Changes in outstanding preferred stock, perpetual capital securities and other financial instruments at of the end of the period

Applicable      N/A

Explanation for the basis to classify other financial instruments into financial liabilities

Applicable      N/A

Other particulars:

Applicable      N/A

**51. Long-term payables**

**(1) Long-term payables by nature:**

Applicable      N/A

**52. Long-term employee benefits payable**

√ Applicable    □N/A

**(1) Details of long-term employee benefits payable**

√ Applicable    □N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
I. Post-employment benefit - defined benefit plan net liabilities	3,131,316,283.36	3,770,581,914.49
II. Termination benefits	2,042,588,676.33	2,129,743,431.09
III. Other long-term benefits	498,901,336.33	409,295,673.89
<b>Total</b>	<b>5,672,806,296.02</b>	<b>6,309,621,019.47</b>

**(2) Details of defined benefit plans**

Present value of defined benefit plan obligations:

√ Applicable    □N/A

Unit: RMB

Item	2017	2016
I. December 31, 2016	3,770,581,914.49	3,426,678,193.06
II. Cost of defined benefit plans recognized in profit or loss	86,819,227.95	164,947,532.52
1. Current service cost	22,934,895.58	-
2. Past service cost	3,822,449.88	50,306,632.49
3. Gains on curtailments and settlements (losses are indicated by "-")	-73,413,436.75	-
4. Net value of interests	133,475,319.24	114,640,900.03
III. Cost of defined benefit plans recognized in other comprehensive income	-635,470,177.59	340,223,217.69
1. Actuarial gains (losses are indicated by "-")	-635,470,177.59	340,223,217.69
IV. Other movements	-90,614,681.49	-161,267,028.78
1. Consideration paid at the time of settlement		
2. Benefits paid	-90,614,681.49	-161,267,028.78
V. December 31, 2017	3,131,316,283.36	3,770,581,914.49

The Group provided retired employees with defined benefit plans of supplementary post-employment benefits. The Group estimated its commitment to employees after retirement by actuarial valuation, and calculated its liabilities resulted from the supplementary post-employment based on estimation. Liabilities of the plan is estimated based on its future cash outflow at certain benefit increase rate and death rate and discounted to its present value at certain discount rate. The discount rate is determined based to the rate of the government bonds with an expected term and currency that are consistent with the expected term of the obligations at the balance sheet date. The Group recognized the liability according to the results from actuarial valuation, and recognized relevant actuarial gains and losses in other comprehensive income that will not be reclassified subsequently to profit or loss. Past service cost is recognized as profit or loss when the defined benefit plan is revised. The current service cost will be included in the profit or loss for the period when the present value of obligations of defined benefit plans increases due to the service rendered by the employee during the current period. Gains and losses on curtailments and settlements are included in the profit or loss for the period at the balance between the present value of obligations of defined benefit plans and the settlement price as determined on the settlement date. Net interest is determined by multiplying the net liabilities of the defined benefit plans by the discount rate.

Defined benefit plans of supplementary post-employment benefits expose the Group to actuarial risks such as: interest rate risk, longevity risk and inflation risk. A decrease in the bond interest rate will increase the plan liability. The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. An increase in the life expectancy of the plan participants will increase the plan's liability. Besides, the present value of the defined benefit plan liability is related to the future payment standards, which is estimated based on inflation rate. Therefore, the increase of inflation rate will increase the plan's liability.

The most recent actuarial valuation of the defined benefit plan liabilities was carried out at December 31, 2017 by professional institution. The present value of the defined benefit obligation and the related service cost were measured using the projected unit credit method.

Significant actuary assumptions for the purposes of the actuarial valuations are discount rate, benefit increase rate and death rate. The discount rates used are 3% - 4.50%. The assumption of death rate was based on "China Life Insurance Mortality Table (2010-2013)".

The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant:

If the discount rate is 25 basis points higher (lower), the present value of defined benefit plan liabilities would decrease by RMB 141 million (increase by RMB 152 million).

If the benefit increase rate increases (decreases) by 1%, the present value of defined benefit plan liabilities would increase by RMB 683 million (decrease by RMB 495 million).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit liabilities as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In the above sensitivity analysis, the present value of defined benefit plan liabilities has been calculated using the same method as that applied in calculating the defined benefit plan liabilities recognized in in the balance sheet.

Plan asset:

Applicable N/A

Net liabilities (assets) of defined benefit plan

Applicable N/A

Explanation for defined benefit plan, corresponding risks, and effects on the Company's future cash flow, timing and uncertainty:

Applicable N/A

Explanation for significant actuarial assumptions and sensitivity analysis aiming to defined benefit plan

Applicable N/A

Other explanation:

Applicable N/A

### 53. Special payables

Applicable N/A

Unit: RMB

Item	December 31, 2016	Increase	Decrease	December 31, 2017	Reason
Special reward fund (Note)	822,960,091.72	-	23,766,401.00	799,193,690.72	
Others	1,145,000	147,947,160.00	107,482,449.87	41,609,710.13	
Total	<b>824,105,091.72</b>	<b>147,947,160.00</b>	<b>131,248,850.87</b>	<b>840,803,400.85</b>	/

Other particulars:

Note: Special reward fund is the special-purpose funds received by the Company from SAIC in 2011 through share purchase asset transactions launched by SAIC and Shanghai Automotive Industry Co., Ltd. Such fund is designated for special purpose of rewarding significant contributions to business developments, completion of strategic development objectives (including key annual goals), completion of significant projects or works.

#### 54. Provisions

Applicable  N/A

Unit: RMB

Item	December 31, 2016	December 31, 2017
Obligation of guarantees provided to outsiders		
Pending litigations		
Warranty	14,879,554,558.69	16,823,298,242.55
Expected compensation expenditure	520,978,547.34	712,019,572.89
Liability due to continuing involvement	-	182,200,000.00
Restructuring obligation		
Onerous contracts to be performed		
Others	2,142,243,400.10	2,389,905,438.56
Less: Provisions due within one year	-5,304,323,337.35	-6,646,505,329.10
<b>Total</b>	<b>12,238,453,168.78</b>	<b>13,460,917,924.90</b>

#### 55. Deferred income

Information of deferred income

Applicable  N/A

Unit: RMB

Item	December 31, 2016	Increase	Decrease	December 31, 2017	Reasons
Government grants	11,466,321,272.24	2,007,073,471.23	1,146,773,455.48	12,326,621,287.99	
Interest received in advance by SFC and SAIC-GMAC	4,974,686,353.72	16,526,209,396.02	12,691,547,929.80	8,809,347,819.94	
Others	1,395,086,960.65	843,565,615.34	128,150,753.00	2,110,501,822.99	
<b>Total</b>	<b>17,836,094,586.61</b>	<b>19,376,848,482.59</b>	<b>13,966,472,138.28</b>	<b>23,246,470,930.92</b>	/

Details of deferred income - government grants are as follows:

Applicable  N/A

Unit: RMB

Item	December 31, 2016	Increase	Amount recognized in non-operating income	Other changes	December 31, 2017	Related assets/income to
Relocation compensation	7,570,946,105.84	32,692,700.70	628,063,044.67		6,975,575,761.87	Assets/Income
Subsidies for purchase of long-term assets	2,694,002,814.68	1,303,647,512.81		300,651,336.37	3,696,998,991.12	Assets
Technical improvement	420,603,404.03	48,383,946.03		27,813,358.60	441,173,991.46	Assets
Subsidies for project development	780,768,947.69	598,417,727.63		166,314,131.78	1,212,872,543.54	Income
Others		23,931,584.06	5,905,732.61	18,025,851.45		Income
<b>Total</b>	<b>11,466,321,272.24</b>	<b>2,007,073,471.23</b>	<b>633,968,777.28</b>	<b>512,804,678.20</b>	<b>12,326,621,287.99</b>	

Others:

Applicable  N/A

**56. Other non-current liabilities**

Applicable    N/A

**57. Share capital**

Applicable    N/A

At the end of the year, registered capital and paid-in capital of the Company are RMB 11,683,461,365.00, with a par value of RMB1.00 per share. Categories and composition of the shares are as follows:

Unit: RMB

Item	December 31, 2016	Changes( +, - )					December 31, 2017
		New shares	Allotment	Convertible to shares from reserve	Others	Subtotal	
Total shares	11,025,566.629				657,894,736	657,894,736	11,683,461,365

Other particulars:

Note: Refer to Note (III).

**58. Other equity instruments****(1) Basic information for outstanding preferred stock, perpetual capital securities and other financial instruments at of the end of the period**

Applicable    N/A

**(2) Changes in outstanding preferred stock, perpetual capital securities and other financial instruments at of the end of the period**

Applicable    N/A

Explanation for changes in other equity instrument, corresponding reasons and basis of relevant accounting treatment in the current period:

Applicable    N/A

Other particulars:

Applicable    N/A

**59. Capital reserve**

Applicable    N/A

Unit: RMB

Item	December 31,2016	Increase	Decrease	December 31,2017
Share premium	40,069,204,310.27	15,108,703,741.94	1,305,000,000.00	53,872,908,052.21
Other capital reserves	1,043,044,942.63		47,518,116.97	995,526,825.66
Total	41,112,249,252.90	15,108,703,741.94	1,352,518,116.97	54,868,434,877.87

Other particulars: including increase or decrease for the period and related reasons:

Note 1: Increase of the year is resulted from non-public offering of A shares of the Company, and the capital premium is RMB 14,204,841,093.94 after deducting relevant issuance costs.

Note 2: It is resulted from E-propulsion Auto for business combination involving enterprises under common control, refer to Note (IX) for details.

Note 3: Refer to Note (X) for the decrease of RMB 282,835,848.14.

**60. Treasury shares**

Applicable    N/A

**61. Other comprehensive income**

√Applicable    □N/A

Unit: RMB

Item	December 31, 2016	Amount during the current period					December 31, 2017
		Increase before income tax	Less: Net amount included in other comprehensive income in the prior periods that is transferred to profit or loss of the current period	Less: Income tax expenses	Attributable to shareholders of the Company after income tax	Attributable to minority shareholders after income tax	
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	387,005,528.51	634,983,642.16			635,186,430.13	-202,787.97	1,022,191,958.64
Including: Changes in net liabilities or net assets due to re-measurement of defined benefit plans	388,075,540.13	635,470,177.59			635,470,177.59	-	1,023,545,717.72
Shares of other comprehensive income that will not be reclassified subsequently to profit or loss of invested entities under equity method	-1,070,011.62	-486,535.43			-283,747.46	-202,787.97	-1,353,759.08
II. Other comprehensive income that may be reclassified subsequently to profit or loss	9,579,467,184.52	3,841,154,496.97	-	722,786,465.62	3,251,491,627.08	-133,123,595.73	12,830,958,811.60
Including: Shares of other comprehensive income that may be reclassified subsequently to profit or loss of invested entities under equity method in future	-3,502,354.30	-4,044,401.48	-	-	-8,406,836.62	4,362,435.14	-11,909,190.92
Changes in fair value of available-for-sale financial assets	8,478,359,508.12	4,783,667,371.67	-	722,786,465.62	4,145,124,118.48	-84,243,212.43	12,623,483,626.60
Exchange differences on translating foreign operations	1,104,610,030.70	-938,468,473.22	-	-	-885,225,654.78	-53,242,818.44	219,384,375.92
Gains or losses on reclassification of held-to-maturity investments to available-for-sale financial assets							
Effective portion of profit or loss from cash flow hedges							
<b>Total of other comprehensive income</b>	<b>9,966,472,713.03</b>	<b>4,476,138,139.13</b>	<b>-</b>	<b>722,786,465.62</b>	<b>3,886,678,057.21</b>	<b>-133,326,383.70</b>	<b>13,853,150,770.24</b>



**62. Special Reserve**

□Applicable    √N/A

**63. Surplus reserve**

√Applicable    □N/A

Unit: RMB

Item	December 31,2016	Increase	Increase	December 31,2017
Statutory surplus reserve	16,936,391,049.81	2,745,953,003.89		19,682,344,053.70
Discretionary surplus reserve	15,318,188,543.27	2,745,953,003.89		18,064,141,547.16
Reserve fund				
Enterprise development fund				
Others				
<b>Total</b>	<b>32,254,579,593.08</b>	<b>5,491,906,007.78</b>		<b>37,746,485,600.86</b>

**64. Retained earnings**

√Applicable    □N/A

Unit: RMB

Item	2017	2016
Balance at the end of prior period (reported)	96,792,960,860.43	86,397,638,086.22
Adjustment of opening balance of retained earnings (add:+; Less: -)	-1,127,931,923.55	-1,125,021,751.00
Balance at the beginning of current period (adjusted)	95,665,028,936.88	85,272,616,335.22
Add: Net profit attributable to the shareholders of the Company	34,410,339,492.71	32,005,700,516.10
Less: Appropriation to statutory surplus reserve of the Company	2,745,953,003.89	2,763,158,914.19
Appropriation to discretionary surplus reserve of the Company	2,745,953,003.89	2,763,158,914.19
Appropriation to general risk reserve		
Dividends distribution (Note 1)	19,277,711,252.25	14,994,770,615.44
Conversion of ordinary shares' dividends into share capital		
Appropriation to general reserve of SFC and SAIC-GMAC	341,334,149.92	893,872,451.26
Appropriation to foreign capital reserve of SFC	2,726,814.01	691,909.88
Appropriation to staff incentive and welfare fund of subsidiaries	221,095,450.91	197,635,109.48
Effect of business combination under common control (Note 2)	45,957,256.93	-
Balance at the end of current period	104,694,637,497.79	95,665,028,936.88

Details of adjustment of retained earnings at the beginning of the current period:

1. Retained earnings at the beginning of the current period amounting to RMB 0 was affected due to retrospective adjustment based on ASBE and relevant new regulations.
2. Retained earnings at the beginning of the current period amounting to RMB 0 was affected due to change of accounting policies.
3. Retained earnings at the beginning of the current period amounting to RMB 0 was affected due to corrections of significant accounting mistakes.
4. Retained earnings at the beginning of the current period amounting to RMB -1,127,931,923.55 was affected due to change of scope of business combination involving enterprises under common control.
5. Retained earnings at the beginning of the current period amounting to RMB 0 was affected due to other adjustments.

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

Pursuant to resolution of 2016 annual general meeting of shareholders on May 22, 2017, the Company distributed cash dividends of RMB16.50 (inclusive of tax) per 10 shares, amounting to RMB 19,277,711,252.25 based on total 11,683,461,365 shares after non-public offering.

Note 2: It is resulted from acquisition of E-propulsion Auto, business combination involving enterprises under common control, refer to Note (IX) 2 for details.

Note 3: Profit distribution proposed after the balance sheet date

Pursuant to the proposals made at the 19th meeting of the 6th session of the Board of Directors, the Company planned to distribute cash dividends of RMB 18.30 (inclusive of tax) per 10 shares, based on total 11,683,461,365 shares after appropriation of statutory surplus reserve and discretionary surplus reserve at 10% and 10% of profit after tax of the Company. The dividend distribution plan is yet to be approved by the general meeting of shareholders.

## 65. Operating income/costs

√ Applicable    □N/A

Unit: RMB

Item	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Operating income	Operating costs	Operating income	Operating costs
Primary operations	838,716,802,746.34	724,972,514,514.82	729,553,718,955.04	635,727,852,494.25
Other operations	19,260,915,160.30	17,409,897,772.99	16,680,917,349.27	14,486,917,947.26
<b>Total</b>	<b>857,977,717,906.64</b>	<b>742,382,412,287.81</b>	<b>746,234,636,304.31</b>	<b>650,214,770,441.51</b>

### (1) Primary operations

Unit: RMB

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Operating income	Operating costs	Operating income	Operating costs
Sales of vehicles	656,823,126,849.67	579,156,276,545.62	564,301,490,751.90	502,515,928,898.24
Sales of parts	158,523,258,970.84	125,820,179,039.15	144,288,509,910.21	114,859,534,193.23
Trading	11,535,159,661.87	10,820,718,697.13	9,708,826,846.79	9,272,742,731.13
Service and others	11,835,257,263.96	9,175,340,232.92	11,254,891,446.14	9,079,646,671.63
<b>Total</b>	<b>838,716,802,746.34</b>	<b>724,972,514,514.82</b>	<b>729,553,718,955.04</b>	<b>635,727,852,494.25</b>

### (2) Other operations

Unit: RMB

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Operating income	Operating costs	Operating income	Operating costs
Sales of raw materials	15,405,119,318.85	14,603,884,453.14	14,282,385,998.00	13,384,730,421.31
Rendering services	1,098,911,605.60	846,274,011.13	987,089,138.10	585,222,654.99
Rental	981,293,589.84	1,042,179,667.13	279,878,506.61	140,593,600.49
Others	1,775,590,646.01	917,559,641.13	1,131,563,706.56	376,371,270.47
<b>Total</b>	<b>19,260,915,160.30</b>	<b>17,409,897,772.99</b>	<b>16,680,917,349.27</b>	<b>14,486,917,947.26</b>

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

Unit: RMB

Name	Operating income	Proportion to total operating income (%)
Company 1	45,932,703,355.65	5.35
Company 2	18,569,675,076.69	2.16
Company 3	9,948,629,900.51	1.16
Company 4	4,586,612,529.19	0.53
Company 5	3,491,174,488.97	0.41
<b>Total</b>	<b>82,528,795,351.01</b>	<b>9.61</b>

**66. Interest income/expenses**

Unit: RMB

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Income	Expenses	Income	Expenses
Interest income/expenses of financial companies	11,159,664,795.06	2,668,651,785.39	9,117,963,901.15	2,116,823,298.87

**67. Fee and commission income/ expenses**

Unit: RMB

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Income	Expenses	Income	Expenses
Fee and commission income/expenses of financial companies	1,502,044,298.37	160,769,428.00	1,061,459,935.58	67,820,339.84

**68. Taxes and levies**

√ Applicable    □N/A

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Business tax		349,850,843.28
Consumption tax	4,523,964,579.18	4,062,336,491.94
Education surcharges	1,114,485,492.54	1,000,905,752.24
City construction and maintenance tax	1,095,247,564.67	1,001,511,455.26
Property tax	258,893,690.59	203,642,103.53
land use tax	150,938,959.10	129,271,233.35
Stamp duty	574,683,339.54	444,831,309.35
River management fees and flood prevention surcharge	87,896,176.27	150,823,932.83
Others	75,566,039.32	177,544,912.20
<b>Total</b>	<b>7,881,675,841.21</b>	<b>7,520,718,033.98</b>

**69. Selling expenses**

√ Applicable    □N/A

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Transportation expenses	15,752,810,995.92	13,173,264,244.82
Advertising expenses	13,572,320,163.37	10,821,718,109.03
Warranty	4,986,938,125.71	5,621,498,130.39
Others	26,809,610,824.09	17,886,936,161.33
<b>Total</b>	<b>61,121,680,109.09</b>	<b>47,503,416,645.57</b>

**70. Administrative expenses**

√ Applicable    □N/A

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Salaries	10,403,638,412.12	10,006,176,188.29
Depreciation and amortization	1,497,813,556.58	1,353,498,997.34
Research and development expenditures	11,062,708,915.26	9,416,872,539.92
Royalties	91,029,950.76	68,982,351.95
Others	8,246,017,379.90	7,419,087,667.83
<b>Total</b>	<b>31,301,208,214.62</b>	<b>28,264,617,745.33</b>

**71. Financial expenses**

√ Applicable    □N/A

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Interest expenses	1,419,413,007.02	757,711,561.89
Less: Capitalized expenses (Note (VIII) 18)	-25,224,069.68	-17,954,475.41
Less: Interest income	-1,380,458,688.77	-1,121,140,099.09
Exchange loss (gain)	4,369,238.40	-60,460,702.36
Others	125,135,080.89	109,261,242.43
<b>Total</b>	<b>143,234,567.86</b>	<b>-332,582,472.54</b>

**72. Impairment losses of assets**

√ Applicable    □N/A

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
1.Bad debt loss	914,542,198.51	277,712,226.32
2.Decline in value of inventories	910,819,529.74	553,699,759.39
3.Impairment of available-for-sale financial assets	33,432,849.76	138,101,339.55
4. Impairment on held-to-maturity investments		
5. Impairment on long-term equity investments		
6. Impairment on investment properties		
7.Impairment of fixed assets	332,665,247.97	732,505,464.70
8. Impairment on materials for construction of fixed assets		
9.Impairment of construction in process	52,455,234.00	791,024.00
10. Impairment of bearer biological assets		
11. Impairment of oil and gas assets		
12. Impairment of intangible assets	8,503,156.89	26,974,186.00
13. Impairment of goodwill		1,443,874.25
14.Others	1,487,176,722.05	1,478,243,531.40
<b>Total</b>	<b>3,739,594,938.92</b>	<b>3,209,471,405.61</b>

**73. Gain (loss) from changes in fair values**

√ Applicable    □N/A

Unit: RMB

Gain from changes in fair values resulting from	Year Ended December 31, 2017	Year Ended December 31, 2016
Financial assets at fair value through profit or loss	-9,800,710.24	-17,509,759.92
Including : Gain from changes in fair values resulting from derivative financial instruments		
Financial liabilities at fair value through profit or loss	5,464,952.23	7,486,291.00
Investment properties at fair value		
<b>Total</b>	<b>-4,335,758.01</b>	<b>-10,023,468.92</b>

**74. Investment income**

√ Applicable    □N/A

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Long-term equity investment income under equity method	28,303,551,928.39	27,752,142,183.92
Amortization of long-term equity investment difference		-319,325.10
Gain from business combination not involving enterprises under common control achieved in stages involving multiple transactions (Note)		5,500,000.00
Gain on disposal of long-term equity investments	22,231,250.59	151,463,940.35
Gain from financial assets/liabilities at fair value through profit or loss	206,961,018.12	5,951,572.66
Investment income from available-for-sale financial assets	2,156,504,269.21	2,550,989,869.42
Gain from financial assets purchased under resale agreements	91,491,714.82	43,256,616.11
Others	30,868,705.99	63,601,786.20
<b>Total</b>	<b>30,811,608,887.12</b>	<b>30,572,586,643.56</b>

Other:

Note: It was resulted from Shanghai Sunwin for business combination not involving enterprises under common control in 2016.

**75. Gain on disposal of assets**

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Gain on disposal of fixed assets	27,140,829.47	153,413,408.69
Gain (loss) on disposal of intangible assets	-4,894,693.90	167,846.56
<b>Total</b>	<b>22,246,135.57</b>	<b>153,581,255.25</b>

**76. Other income**

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Government grants	2,024,571,903.91	

**77. Non-operating income**

Details of non-operating income are as follows:

√ Applicable    □ N/A

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Total gain on disposal of non-current assets		
Debt restructuring gain	506,460.00	266,280.06
Gains on exchange of non-monetary assets		
Donations received		
Government grants	633,968,777.28	2,547,141,715.81
Discount of equity transactions	49,890,193.94	22,211,562.00
Payables waived by creditors	26,974,080.63	15,967,827.33
Acquisition discounts from business combination not involving enterprises under common control	40,936,906.67	9,108,139.00
Compensation received for deferred transactions		139,531,490.00
Others	116,293,383.37	209,939,938.49
<b>Total</b>	<b>868,569,801.89</b>	<b>2,944,166,952.69</b>

Government grants recognized in profit or loss

□ Applicable    √ N/A

Others:

□ Applicable    √ N/A

**78. Non-operating expenses**

√ Applicable    □ N/A

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Total loss on disposal of non-current assets		
Relocation expenses	220,663,391.27	579,493,040.64
Indemnity loss to suppliers	182,916,006.52	62,659,273.01
Donations	10,617,463.84	31,664,018.71
Others	303,347,486.41	364,223,560.44
<b>Total</b>	<b>717,544,348.04</b>	<b>1,038,039,892.80</b>

**79. Income tax expenses****(1) Income tax expenses:**

√ Applicable    □ N/A

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Current income tax expenses	11,546,417,781.19	10,853,969,621.43
Adjustment on prior year's income tax according to final settlement	-434,337,588.78	-330,589,044.98
Deferred income tax expenses	-3,967,165,105.26	-3,992,884,812.25
<b>Total</b>	<b>7,144,915,087.15</b>	<b>6,530,495,764.20</b>

**(2) Reconciliation of income tax and accounting profit is as follows:**

√ Applicable    □N/A

Unit: RMB

Item	Year Ended December 31, 2017
Accounting profit	54,261,012,599.34
Income tax expenses calculated at legal/applicable tax rate	8,139,151,889.90
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,565,910,648.58
Adjustment on prior year's income tax according to final settlement	-434,337,588.78
Effect of non-taxable revenue	-4,371,361,078.07
Effect of costs, expenses and losses that are not deductible for tax purposes	196,438,524.48
Effect of using previously unrecognized deductible losses and deductible temporary differences for tax purposes	-446,012,318.15
Effect of unrecognized deductible losses and deductible temporary differences for tax purposes	1,607,069,800.52
Changes in opening balances of deferred tax assets/liabilities resulted from tax rate adjustment	186,509,549.00
Effect of super tax deduction for research and development expenditures	-298,454,340.33
<b>Total</b>	<b>7,144,915,087.15</b>

Other:

□Applicable    √ N/A

**80. Entrusted business off balance sheet of SFC**

Unit: RMB

	December 31, 2017	December 31, 2016
Entrusted loans	1,408,000,000.00	630,000,000.00
Entrusted investments	195,900,000.00	155,347,679.10
<b>Total</b>	<b>1,603,900,000.00</b>	<b>785,347,679.10</b>

**81. Notes to cash flow statement****(1). Other cash receipts relating to operating activities:**

□Applicable    √ N/A

**(2). Other cash payments relating to operating activities:**

□Applicable    √ N/A

**(3). Other cash receipts relating to investing activities**

□Applicable    √ N/A

**(4). Other cash payments relating to investing activities**

□Applicable    √ N/A

**(5). Other cash receipts relating to financing activities**

√ Applicable    □N/A

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Decrease of restricted cash (including pledge of bank acceptances, etc.)	173,511,396.43	
<b>Total</b>	<b>173,511,396.43</b>	

**(6). Other cash payments relating to financing activities**

√ Applicable    □N/A

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Increase of restricted cash (including pledge of bank acceptances, etc.)		996,638,269.11
Expenses paid for non-public issuance of shares	4,943,396.23	
<b>Total</b>	<b>4,943,396.23</b>	<b>996,638,269.11</b>

**82. Supplementary information to the cash flow statements****(1) Supplementary information to the cash flow statements**

√ Applicable    □N/A

Unit: RMB

Supplementary information	Year Ended December 31, 2017	Year Ended December 31, 2016
<b>1. Reconciliation of net profit to cash flow from operating activities:</b>		
Net profit	47,116,097,512.19	43,959,051,525.79
Add: Provision for impairment loss of assets	3,739,594,938.92	3,209,471,405.61
Depreciation of fixed assets, depletion of oil and gas assets, depreciation of bearer biological assets	7,783,410,929.15	6,602,942,897.91
Amortization of intangible assets	667,040,843.01	751,929,792.48
Depreciation and amortization of investment properties	143,307,880.02	132,318,138.14
Amortization of long-term deferred expenses	490,745,389.29	414,905,258.81
Losses on disposal of fixed assets, intangible assets and other long-term assets (gains are indicated by "-")	198,417,255.70	425,911,785.39
Losses on write-off of fixed assets (gains are indicated by "-")		
Losses on changes in fair values (gains are indicated by "-")	4,335,758.01	10,023,468.92
Financial expenses (gains are indicated by "-")	1,394,188,937.34	739,757,086.48
Investment losses (income is indicated by "-")	-30,811,608,887.12	-30,572,586,643.56
Decrease in deferred tax assets (increase is indicated by "-")	-4,136,528,821.38	-3,855,837,341.92
Increase in deferred tax liabilities (decrease is indicated by "-")	169,363,716.12	-137,047,470.33
Decrease in inventories (increase is indicated by "-")	-13,663,638,414.36	474,259,074.38
Net decrease (increase) in repurchase arrangements	616,152,741.85	-928,112,855.49
Decrease in operating receivables (increase is indicated by "-")	-67,412,091,755.78	-28,622,136,280.82
Increase in operating payables (decrease is indicated by "-")	78,002,283,912.45	18,756,066,500.99
Others		
Net cash flow from operating activities	24,301,071,935.41	11,360,916,342.78
<b>2 . Major non cash investing and financing activities:</b>		
Capital converted from debt		
Convertible corporate bonds due within one year		
Fixed assets acquired under finance leases		
<b>3. Net changes in cash and cash equivalents:</b>		
Closing balance of cash	106,944,175,426.61	94,102,422,789.28
Less: opening balance of cash	94,102,422,789.28	62,142,091,458.06
Add: closing balance of cash equivalents		
Less: opening balance of cash equivalents		
Net increase in cash and cash equivalents	12,841,752,637.33	31,960,331,331.22

**(2) Net cash paid for the acquisition of subsidiaries during the period**

□Applicable    √N/A

**(3) Net cash received from the disposal of subsidiaries during the period**

□Applicable    √N/A



**(4) Cash and cash equivalents**

√ Applicable    □ N/A

Unit: RMB

Item	December 31, 2017	December 31, 2016
<b>I. Cash</b>	106,944,175,426.61	94,102,422,789.28
Including: cash at hand	4,758,905.31	18,824,430.85
Bank deposit	106,824,075,250.52	93,533,214,596.72
Other currencies	115,341,270.78	550,383,761.71
Deposits with the central bank		
Deposits made with other banks		
Placements with banks		
<b>II. Cash equivalents</b>		
Including: debt security investment due within three months		
<b>III. Closing balance of cash and cash equivalents</b>	106,944,175,426.61	94,102,422,789.28
Including: Restricted cash and cash equivalents used by the Company or subsidiaries in the Group		

Others:

□ Applicable    √ N/A

**83. Notes to items in the statement of changes in shareholder's equity**

Explanation for "Other" item where the closing balance of the prior year has been adjusted and the corresponding adjusted amount:

□ Applicable    √ N/A

**84. Assets with restricted ownership or use right**

√ Applicable    □ N/A

Unit: RMB

Item	Book value at December 31, 2017	Reason of restriction (Please refer to)
Cash and bank balance	14,666,944,335.97	Note (VIII) 1
Financial assets at FVTPL	216,281,525.95	Note (VIII) 2
Notes receivable	1,005,534,548.00	Note (VIII) 4
Fixed assets	656,103,870.84	Note (VIII) 21
Intangible assets	333,346,470.52	Note (VIII) 27
Accounts receivable	95,613,040.07	Note (VIII) 5
Long-term receivables	731,640,975.90	Note (VIII) 18
Long-term equity investments	667,736,502.23	Note (VIII) 19
Construction in progress	249,013,375.78	Note (VIII) 22
<b>Total</b>	<b>18,622,214,645.26</b>	/

**85. Foreign currency monetary items****(1). Foreign currency monetary items:**

√ Applicable    □ N/A

Item	Balance of foreign currency at December 31, 2017	Exchange rate	Balance of RMB at December 31, 2017
Cash and bank balance			
-USD	1,216,869,594.17	6.5342	7,951,269,302.23
-EUR	134,718,108.49	7.8023	1,051,111,097.87
-GBP	60,208,182.64	8.7792	528,579,677.03
-THB	1,989,416,844.85	0.2000	397,883,368.97
-INR	3,482,356,912.84	0.1020	355,200,405.11
-ZAR	338,561,634.57	0.5277	178,658,974.56

-HKD	210,504,373.87	0.8359	175,960,606.12
-IDR	311,728,849,660.00	0.0005	155,864,424.83
-JPY	114,414,712.09	0.0579	6,624,611.83
-Others			178,828,893.83
Accounts receivable			
-USD			
-EUR			
-HKD			
-RMB			
Long-term borrowings			
-USD	5,029,116.50	6.5342	32,861,253.03
-EUR	49,999,991.80	7.8023	390,114,936.02
-HKD			
-THB	4,510,670,004.50	0.2000	902,134,000.90
-RMB			
Short-term borrowing			
-THB	479,520,000.00	0.2000	95,904,000.00
-EUR	168,492,584.38	7.8023	1,314,629,691.11
-USD	430,000,000.00	6.5342	2,809,706,000.00

Note: As majority of the transactions of the Group are incurred domestically, majority of the assets and liabilities are dominated in RMB. Therefore, there were no significant foreign currency monetary items except cash and borrowings.

**(2). Particulars for overseas operation entities, including the disclosure of significant overseas operation entities in respect of overseas principal operating place, functional currency and corresponding selection basis, and reasons for the change of functional currency (if applicable).**

Applicable N/A

#### **86. Hedging**

Applicable N/A

#### **87. Government grants**

##### **1. Basic information of government grants**

Applicable N/A

##### **2. Return of government grants**

Applicable N/A

Others:

##### **(1) Government grants related to assets**

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Relocation compensation	32,692,700.70	2,238,679,403.41
Subsidies for purchase of long-term assets	1,303,647,512.81	516,899,384.48
Technical improvement	48,383,946.03	39,406,113.04
<b>Total</b>	<b>1,384,724,159.54</b>	<b>2,794,984,900.93</b>

**(2) Government grants related to income**

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Project development grants	946,595,212.93	111,839,557.47
Financial subsidies	1,163,589,740.41	1,333,479,538.78
Others	23,931,584.06	
<b>Total</b>	<b>2,134,116,537.40</b>	<b>1,445,319,096.25</b>

**(3) Government grants recognized in profit or loss and deferred income**

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Government grants recognized in deferred income	2,007,073,471.23	2,880,653,074.44
Deferred income amortize in the current year	1,146,773,455.48	1,187,490,793.07
Government grants recognized in profit or loss for the period directly	1,511,767,225.71	1,359,650,922.74

**(4) Government grants recognized as non-operating income**

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016	Related to assets/income
Relocation compensation	628,063,044.67	870,053,865.44	<b>assets/income</b>
Subsidies for purchase of long-term assets		230,136,054.37	<b>assets</b>
Technical improvement		21,913,127.91	<b>assets</b>
Subsidies for project development		91,559,129.31	<b>income</b>
Financial subsidies		1,333,479,538.78	<b>income</b>
Others	5,905,732.61		<b>income</b>
<b>Total</b>	<b>633,968,777.28</b>	<b>2,547,141,715.81</b>	

**(5) Government grants recognized as other income**

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016	Related to assets/income
Subsidies for purchase of long-term assets	300,651,336.37		<b>assets</b>
Technical improvement	27,813,358.60		<b>assets</b>
Subsidies for project development	514,491,617.08		<b>income</b>
Financial subsidies	1,163,589,740.41		<b>income</b>
Others	18,025,851.45		<b>income</b>
<b>Total</b>	<b>2,024,571,903.91</b>		

**88. Others**
 Applicable       N/A

**IX. CHANGES IN THE SCOPE OF CONSOLIDATION****1. Business combination not involving enterprises under common control**

√ Applicable    □ N/A

**(1). Business combination not involving enterprises under common control in the current period**

√ Applicable    □ N/A

Unit: RMB

Acquiree's Name	Date of acquisition	Cost of equity investment	Proportion of equity investment (%)	Acquisition method
Zhonghaiting	December 31, 2017	146,000,000.00	51%	Acquisition

Other particulars:

Note 1: Zhonghaiting was originally held by Wuhan Kotei Informatics Co., Ltd., Guangzhou Hi-Target Navigation Tech Co., Ltd. and Wuhan Zhongchuang Xingtu Enterprise Management Partnership (Limited Partnership) jointly. In the current year, SAIC (Changzhou) Innovation Development Investment Fund Co., Ltd. ("SAIC Changzhou") signed capital increase agreement with original shareholders of Zhonghaiting to increase the capital of Zhonghaiting by RMB 146,000,000.00, and RMB 146,000,000.00 was paid in cash in December 2017. After the capital increase, SAIC Changzhou obtained 51.00% equity interest in Zhonghaiting with more than half of its directors in the board of directors of Zhonghaiting. Pursuant to the amended articles of association, SAIC Changzhou has obtained the control over Zhonghaiting, and Zhonghaiting has become a subsidiary of the Group. The Group obtained the control over Zhonghaiting from the date of capital increase in December 2017 and included Zhonghaiting in the consolidation scope of the consolidated financial statements.

Note 2: Other business combination not involving enterprises under common control of the Group during the year:

- (a) In the current year, Yanfeng Automotive Trim Systems Co., Ltd. ("Yanfeng"), a subsidiary of the Group, incurred business combination not involving enterprises under common control. The entire equity interest in Shanghai Yankang Auto Parts Co., Ltd. ("Shanghai Yankang") and Shanghai Yansheng Auto Plastics Co., Ltd. ("Yansheng") was acquired by cash. Since the date of acquisition, Shanghai Yankang and Yansheng have been included in the consolidation scope of the consolidated financial statements.
- (b) In the current year, Yanfeng Automotive Interiors (Shanghai) Co., Ltd., a subsidiary of the Group, incurred business combination not involving enterprises under common control. 85% equity interest in Shanghai Songjiang Chunshen Plastic Products Co., Ltd. was acquired by cash. Since the date of acquisition, Shanghai Songjiang Chunshen Plastic Products Co., Ltd. has been included in the consolidation scope of the consolidated financial statements.
- (c) In the current year, Shanghai Tractor Internal Combustion Engine Company Limited, a subsidiary of the Group, incurred business combination not involving enterprises under common control. The entire equity interest in Shanghai Volkswagen Lianhe Development Body Parts Co., Ltd., 60.00% equity interest in Shanghai Zhongda Auto Parts Co., Ltd. and 70.00% equity interest in Shanghai Anleide Auto Parts Co., Ltd. were acquisition by cash. Since the date of acquisition, these companies have been included in the consolidation scope of the consolidated financial statements.
- (d) In the current year, Shanghai Sandmann Casting Co., Ltd., a subsidiary of the Group, incurred business combination not involving enterprises under common control. The entire equity interest in Kunshan Juzhongde Industry and Trade Co., Ltd. was acquired by cash. Since the date of acquisition, Kunshan Juzhongde Industry and Trade Co., Ltd. has been included in the consolidation scope of the consolidated financial statements.
- (e) In the current year, Changsha Yanfeng Xingsha Interior System Co., Ltd., a subsidiary of the Group, incurred business combination not involving enterprises under common control. Interiors Division ("Xingsha Interiors Business") of Changsha Adient Auto Parts Co., Ltd. (formerly known as Changsha Guangqi Johnson Automotive Interiors Co., Ltd.) was acquired by cash. Since the asset and liability portfolio of Xingsha Interiors Business has input, processing and output capabilities, and is

able to independently calculate its costs, expenses and the revenue generated, this transaction therefore constitutes a business combination.

- (f) In the current year, Anji Logistics, a subsidiary of the Group, incurred business combination not involving enterprises under common control. The entire equity interest in Yantai Tonglin Logistics Co., Ltd., Shanghai Anzi Information Technology Co., Ltd. and Shanghai Anji Express Storage and Transportation Co., Ltd. were acquired by cash. Since the date of acquisition, these companies have been included in the consolidation scope of the consolidated financial statements.
- (g) In the current year, ANJI-CEVA Logistics Co., Ltd., a subsidiary of the Group, incurred business combination not involving enterprises under common control. 90.00% equity interest in Shanghai Yunfeng Shangwen Chemicals Transport Co., Ltd., full equity in CEVA Logistics (Shanghai) Co., Ltd., Yunqiu International Logistics (Shanghai) Co., Ltd. and CEVA CL (HONG KONG) Ltd. were acquired by cash. Since the date of acquisition, these companies have been included in the consolidation scope of the consolidated financial statements.
- (h) In the current year, SAIC Maxus, a subsidiary of the Group, incurred business combination not involving enterprises under common control. The entire equity interest in Wuxi Changtong Trade was acquired by cash. Since the date of acquisition, Wuxi Changtong Trade has been included in the consolidation scope of the consolidated financial statements.

The above business combinations not involving enterprises under common control did not generate goodwill, but resulted in a discount of RMB 40,936,906.67 which was recognized in non-operating income. Meanwhile, the minority shareholder's interest was increased by RMB 65,387,859.73 in total, the cash outflows resulted from the acquisition of subsidiaries totaled to RMB 208,371,639.13.

## (2). Acquisition cost and goodwill

√ Applicable    □ N/A

Unit: RMB

Cost of combination	Wuhan Zhonghaiting Data Technology Co., Ltd.
--Cash	146,000,000.00
-- Fair value of non-cash assets	
-- Fair value of debt issued or assumed	
-- Fair value of issued equity securities	
-- Fair value of contingent consideration	
-- Fair value of equity (held prior to the date of purchase) at the date of purchase	
-- Others	
Total cost of combination	146,000,000.00
Less: Share of the fair value of identifiable net assets obtained	90,987,405.62
The excess of share of the fair value of identifiable net assets obtained over the cost of goodwill/combination	55,012,594.38

## (3). Identifiable assets and liabilities of acquiree at the acquisition date

√ Applicable    □ N/A

Unit: RMB

	Wuhan Zhonghaiting Data Technology Co., Ltd.	
	Fair value at the date of purchase	Carrying amount at the date of purchase
Assets:	181,659,965.20	181,659,965.20
Liabilities:	3,253,287.51	3,253,287.51
Net assets	178,406,677.69	178,406,677.69
Less: Minority interests	87,419,272.07	87,419,272.07
Net assets obtained	90,987,405.62	90,987,405.62

**(4). Gain or loss from re-measurement of equity investments held prior to acquisition date at fair value**

Whether there are transactions where the entity achieving business combination over subsidiaries by disposals on investment in subsidiaries in steps in the current period

Applicable     N/A

**(5). Explanation for failure to determine the consideration of business combination or fair values of the acquiree's identifiable assets or liabilities at the acquisition date or the end of the combination period**

Applicable     N/A

**(6). Other particulars:**

Applicable     N/A

**2. Business combinations involving enterprise under common control**

Applicable     N/A

**(1). Business combination involving enterprises under common control incurred for the period**

Applicable     N/A

Unit: RMB

Name of combined party	Proportion of equity obtained in a business combination	Revenue of combined party from beginning of the period of combination to date of combination	Net profit of combined party from beginning of the period of combination to date of combination
E-propulsion Auto	90%	0.00	-1,244,814.88

**(2). Cost of combination**

Applicable     N/A

Unit: RMB

Cost of combination	E-propulsion Auto
--Cash	221,905,500.00
-- Carrying amount of non-cash assets	
-- Carrying amount of debt issued or assumed	
-- Nominal value of issued equity securities	
-- Contingent consideration	
- Book value of the 10.00% equity held in E-propulsion Auto at the combination date	19,549,749.23

**(3). Carrying amount of assets and liabilities of combined party at the date of the combination**

Applicable     N/A

Unit: RMB

	E-propulsion Auto	
	Combination date	At the end of prior period
Assets:	209,367,562.46	222,115,273.91
Liabilities:	13,870,070.16	25,372,966.73
Net assets	195,497,492.30	196,742,307.18
Less: Minority interests	0.00	0.00
Net assets obtained	195,497,492.30	196,742,307.18

**3. Reverse acquisition**

Applicable     N/A

**4. Disposal of subsidiaries**

Whether the entity lost control over subsidiaries through a single disposal of the investment in them

Applicable     N/A

Unit: RMB

Name of subsidiary	Equity disposal method
Shanghai Shangqi Investment Management Partnership (Limited Partnership)	Transfer of control

Other particulars:

Applicable     N/A

**(1) Disposal of subsidiaries during the year:**

Shanghai Shangqi Investment Management Partnership (Limited Partnership) ("Shangqi Investment") is a fund management partnership originally controlled by Equity Investment, a subsidiaries of the Group. In the current year, Equity Investment no longer has the control over Shangqi Investment and the funds managed by Shangqi Investment, therefore, it shall no longer include Shangqi Investment and the funds managed by it in the consolidation scope of the consolidated financial statements, and they shall be accounted for by using the equity method.

Financial information of Shangqi Investment at the disposal date:

Unit: RMB

	Fair value	Book value
Current assets	1,206,542,228.58	1,206,542,228.58
Non-current assets	40,079,999.80	40,079,999.80
Total assets	1,246,622,228.38	1,246,622,228.38
Current liabilities	55,539,583.71	55,539,583.71
Total liabilities	55,539,583.71	55,539,583.71
Total owners' equity (Note)	1,191,082,644.67	1,191,082,644.67
Less: share of net assets attributable to minority shareholders	892,883,114.55	892,883,114.55
Share of net assets attributable to owners of the parent company	298,199,530.12	298,199,530.12

Note: At the date of disposal, the principal assets of Shangqi Investment are financial assets and have been measured at fair value.

(2) Other than (1) above, in the current year, other subsidiary disposals of the Group majorly included the disposal of Shanghai Chengxin Used Car Business Management Co., Ltd. and such transactions resulted in increase of minority interest by RMB 43,072,046.28 in total.

Whether there is transactions where the entity lost control power over subsidiaries by disposal achieved in stages in the current period

Applicable     N/A

**5. Changes in the scope of consolidation due to other reasons**

Explain changes in the scope of consolidation due to other reasons (for example, establishment or liquidation of subsidiary) and related situations:

Applicable     N/A

MG MOTOR INDIA PROVATE., LTD., Shanghai Fanyi Shangxing Technology Co., Ltd. and SAIC Shidai Power Battery System Co., Ltd. were established by the Group during the current year and were included in the scope of consolidated financial statements since the date of establishment.

Other than the transactions above, there were no material changes to the scope of consolidated financial statements during the year.

**6. Others**

Applicable     N/A

## X. INTERESTS IN OTHER ENTITIES

### 1. Interests in subsidiaries

#### (1). Composition of the Group

√ Applicable    □ N/A

Full name of subsidiaries	Principal place of business	Place of incorporation	Registered capital	Registered capital	Scope of business	Equity interest held (%)		Ways of Acquisition
			Currency	' 000		Directly	Indirectly	
SAIC Motor UK Co., Ltd.		Birmingham, UK	GBP	3,000	R&D of automobiles	100	-	Establishment or investment
SAIC Motor Transmission Co., Ltd.		Shanghai, China	RMB	5,359,590	Manufacturing and sales of automobile transmission and spare parts	100	-	Establishment or investment
SAIC Motor HK Investment Ltd.		Hong Kong, China	USD	296,900	International trade of auto and critical spare parts, investment, technical and service trade, training and consulting	100	-	Establishment or investment
SAIC Maxus Vehicle Co., Ltd		Shanghai, China	RMB	6,214,250	Manufacturing of automobiles and components	100	-	Establishment or investment
SAIC Motor Equity Investment Co., Ltd.		Shanghai, China	RMB	4,000,000	Equity investment, venture capital investment, industrial consulting, property management	100	-	Establishment or investment
SAIC General Motors Sales Co., Ltd.		Shanghai, China	USD	49,000	Sales of automobiles	51	-	Establishment or investment
SAIC Motor - CP Co., Ltd.		Bangkok, Thailand	THB	7,350,000	Developing, manufacturing and sales of automobiles and spare parts; Manufacturing and processing of machinery	-	70	Establishment or investment
Shanghai Jineng Bus Drive System Co., Ltd.		Shanghai, China	RMB	100,000	Manufacturing of new energy bus drive system and other spare parts	100	-	Establishment or investment
Shanghai Shanghong Real Estate Co., Ltd.		Shanghai, China	RMB	1,900,000	Developing and operating real estate, property management	100	-	Establishment or investment
SAIC International Indonesia PT.		West Java, Indonesia	USD	118,000	Developing and operating real estate, property management	-	100	Establishment or investment
SAIC Investment Management Co., Ltd.		Shanghai, China	RMB	10,000,000	Industrial investment, asset management, investment management, storage service (except hazardous goods)	100	-	Establishment or investment
SAIC Group Financial Holding Management Co., Ltd.		Shanghai, China	RMB	7,500,000	Industrial investment, asset management, investment management, consulting services, and network technology etc.	100	-	Establishment or investment
SAIC Tangshan Bus Co., Ltd.		Hebei, China	RMB	170,000	Development, design, manufacture and sales of passenger car	-	51	Establishment or investment
SAIC Insurance Sales Co., Ltd.		Shanghai, China	RMB	200,000	Insurance agent service	-	88.92	Establishment or investment
SAIC Volkswagen Sales Co., Ltd.		Shanghai, China	USD	29,980	Sales of automobiles and spare parts	50	10	Acquired through business combinations involving enterprises under common control



SAIC MOTOR ANNUAL REPORT 2017

SAIC GM Wuling Co., Ltd.		Guangxi, China	RMB	1,668,077	Sales and manufacturing of automobiles and spare parts	50.1	-	Acquired through business combinations involving enterprises under common control
China United Automotive System Co., Ltd.		Shanghai, China	RMB	600,620	Manufacturing and sales of electricity-controlled burning oil products	-	53	Acquired through business combinations involving enterprises under common control
SAIC Finance Co., Ltd.		Shanghai, China	RMB	10,380,000	Automotive Finance	99	1	Acquired through business combinations involving enterprises under common control
Shanghai PengPu Machine Building Plant Co., Ltd.		Shanghai, China	RMB	1,030,000	Manufacturing and sale of engineering machinery facilities	100	-	Acquired through business combinations involving enterprises under common control
HUAYU Automotive Systems Co., Ltd.		Shanghai, China	RMB	3,152,724	Design, manufacturing and sales of spare parts assembly	58.32	-	Acquired through business combinations involving enterprises under common control
Anji Automotive Logistics Co., Ltd.		Shanghai, China	RMB	600,000	Logistics service for automobiles and spare parts	98	2	Acquired through business combinations involving enterprises under common control
Shanghai Automotive Industry Sales Co., Ltd.		Shanghai, China	RMB	4,038,249	Sales and purchase of automobiles and spare parts	100	-	Acquired through business combinations involving enterprises under common control
Shanghai Automobile Import & Export Co., Ltd.		Shanghai, China	RMB	1,308,080	Import and export of automobiles and spare parts	100	-	Acquired through business combinations involving enterprises under common control
Shanghai Shangyuan Investment Management Co., Ltd.		Shanghai, China	RMB	120,000	Development, operation, leasing and property management of industrial workshops and supporting facilities	100	-	Acquired through business combinations involving enterprises under common control
China Automotive Industrial Development Co., Ltd.		Beijing, China	RMB	64,165	Sales and after-sales service of automobiles	100	-	Acquired through business combinations involving enterprises under common control
SAIC HK Limited		Hong Kong, China	USD	17,250	Import and export of auto and spare parts	100.00	-	Acquired through business combinations involving enterprises under common control
SAIC Motor North America Co., Ltd.		USA	USD	980	Import and export of spare parts	100.00	-	Acquired through business combinations involving enterprises under common control
SAIC Motor (Beijing) Co., Ltd.		Beijing, China	RMB	200,000	Marketing, warehouse and logistics of automobiles	100.00	-	Acquired through business combinations involving enterprises under common control
Shanghai Automobile Asset Management Co., Ltd.		Shanghai, China	RMB	818,000	Property management and innovation services, etc.	100.00	-	Acquired through business combinations involving enterprises under common control
Donghua Automotive Industrial Co., Ltd.		Jiangsu, China	RMB	1,083,208	Logistics, import and export, detail services of automobiles	75.00	-	Acquired through business combinations involving enterprises under common control
SAIC Activity Centre Co., Ltd.		Shanghai, China	RMB	160,000	Hospitality, beverage and catering services	100.00	-	Acquired through business combinations involving enterprises under common control
Shanghai Automotive News Press Co., Ltd.		Shanghai, China	RMB	1,000	Publishing and distribution of <i>Shanghai Auto News</i>	100.00	-	Acquired through business combinations involving enterprises under common control
DIAS Automotive Electronic Systems Co., Ltd.		Shanghai, China	RMB	247,000	Research and development production and sales of automobile electronic systems and components	-	100.00	Acquired through business combinations involving enterprises under common control
Shanghai Diesel Engine Co., Ltd. (Note 1)		Shanghai, China	RMB	866,690	Manufacturing and sales of diesel engines and spare parts	48.05	-	Acquired through business combinations not involving enterprises under common control
Nanjing Automobile (Group) Corporation		Jiangsu, China	RMB	7,600,000	Development, manufacturing and sales of automobiles, engines and spare parts	100.00	-	Acquired through business combinations not involving enterprises under common control
Shanghai Sunwin Bus Co., Ltd.		Shanghai, China	RMB	871,160	Development, assembly,	80.50	-	Acquired through business combinations

					manufacture and sales of passenger bus and spare parts			not involving enterprises under common control
SAIC-IVECO Hongyan Commercial Vehicle Co., Ltd.		Chongqing, China	RMB	2,800,000	Development, manufacture and sales of vehicle and spare parts	53.92	-	Acquired through business combinations not involving enterprises under common control
SAIC- GMAC Automotive Finance Co., Ltd.		Shanghai, China	RMB	3,500,000	Automotive Finance	-	55.00	Acquired through business combinations not involving enterprises under common control
MG MOTOR INDIA PROVATE., LTD.(Note 2)		India	INR	6,776,060	Developing, manufacturing and sales of automobiles and spare parts	-	100.00	Establishment or investment
E-propulsion Auto.(Note 3)		Shanghai, China	RMB	1,450,000	R&D of automobiles	-	100.00	Acquired through business combinations involving enterprises under common control
Wuhan Zhonghaiting Data Technology Co., Ltd.( Note 4)		Wuhan, China	RMB	52,910	Electronic map production engineering, map database and application engineering	-	51.00	Acquired through business combinations not involving enterprises under common control
Global Car Sharing and Rental Co., Ltd.		Shanghai, China	RMB	60,000	Electric vehicle rental (not allowed to engage in financial leasing), technology development in the automotive and parts technology area	-	51.00	Establishment or investment
SAIC Motor International Co., Ltd.		Shanghai, China	RMB	93,808	Import and export of automobiles and spare parts	-	100.00	Establishment or investment
SAIC Europe GmbH		Luxembourg	EUR	2,000	Import and export of automobiles and spare parts	-	100.00	Establishment or investment

Other particulars:

Note 1: Proportion of the Group's shareholding of Shanghai Diesel is below 50%. However, given the fact that other shareholders held relatively small and dispersed amount of shares, the Group has substantial control over Shanghai Diesel.

Note 2: The Group established a wholly-owned subsidiary, MG MOTOR INDIA PROVATE., LTD. by the cash of INR 6,776,060,000.00 during the current year.

Note 3: Refer to Note (IX).

Note 4: Refer to Note (IX).

**(2). Significant non-wholly owned subsidiaries**

√ Applicable    □ N/A

Unit: RMB'000

Name of the subsidiary	Equity interest held by minority shareholders	Profit or loss attributable to minority shareholders of the year	Dividend declared to minority shareholders during the year	Minority interests at December 31,2017
HASCO	41.68%	5,201,711.32	2,945,827.47	25,226,890.74
SGMW	49.90%	2,660,935.65	2,234,676.12	5,361,799.22

Explanation on situation that the shareholding proportion of minority shareholders of subsidiaries is different from the proportion of voting rights:

□ Applicable    √ N/A

Others:

□ Applicable    √ N/A

**(3). Major financial information of significant non-wholly owned subsidiaries**

√ Applicable    □ N/A

Unit: RMB'000

Name of the subsidiary	December 31,2017						December 31,2016					
	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
HASCO	78,762,741.99	44,609,884.49	123,372,626.48	66,722,722.41	6,715,625.99	73,438,348.40	67,832,100.81	39,779,612.67	107,611,713.48	51,728,705.58	10,039,355.77	61,768,061.35
SGMW	32,671,930.23	21,103,299.24	53,775,229.47	39,378,094.29	3,385,283.89	42,763,378.18	34,127,705.91	19,865,423.42	53,993,129.33	40,364,507.78	3,065,930.43	43,430,438.21

Name of the subsidiary	Year ended at December 31,2017				Year ended at December 31,2016			
	Operating income	Net profit attributable to shareholders of the Company	Total comprehensive income	Net cash flow from (used in) operating activities	Operating income	Net profit attributable to shareholders of the Company	Total comprehensive income	Net cash flow from (used in) operating activities
HASCO	140,487,250.48	6,553,922.93	8,876,917.15	8,486,118.14	124,295,812.98	6,075,758.56	8,296,197.38	11,375,286.83
SGMW	105,510,199.81	5,332,322.66	5,188,209.55	1,851,944.99	104,055,989.16	5,198,180.20	5,305,648.05	12,616,154.79

**(4). Significant restrictions for the utilization of the group's assets and the liquidation of the group's liabilities:**

□ Applicable    √ N/A

**(5). Financial or other supports to structured entities included in scope of consolidated financial statements:**

□ Applicable    √ N/A

Other particulars:

□ Applicable    √ N/A

**2. Transactions that cause changes in the Group's equity interest in subsidiaries but do not result in loss of control**

√ Applicable    □ N/A

**(1). Explanation for changes in shares of shareholder's equity interest in subsidiaries:**

√ Applicable    □ N/A

- SAIC Motor-CP Co., Ltd. ("SAIC Motor-CP") was originally invested by SAIC HK Investment Co., Ltd. ("SAIC HK") and CP Motor Holding Co., Ltd. jointly with shareholding proportion being 51.00% and 49.00%, respectively. In the current year, SAIC HK, a subsidiary of the Company, increased capital for SAIC Motor-CP by USD 87,000,000 unilaterally. After capital increase, the shareholding proportion held by SAIC HK in SAIC Motor-CP increased from 51.00% to 70.00%.
- DIAS Automotive Electronic Systems Co., Ltd. ("DIAS Electronic") was originally a subsidiary of the Group at the shareholding proportion of 98.00%. In the current year, the minority

shareholders of DIAS Electronic withdrawn their investment in it. After that, the shareholding proportion held by the Group increased to 100.00%.

- 3) In the current year, HASCO, a subsidiary of the Company, increased capital for Huayu Automotive Electric Drive System Co., Ltd. by RMB 216,000,000.00 unilaterally, thus the shareholding proportion held by HASCO in Huayu Automotive Electric Drive System Co., Ltd. increased from 60.00% to 82.10%.
- 4) In the current year, Yanfeng, a subsidiary of the Group, disposed of its wholly-owned subsidiary Yanfeng Automotive Trim Systems Guangzhou Co., Ltd. to Yanfeng's subsidiary Yanfeng Global Automotive Interior Systems Co., Ltd ("Yanfeng Interior", 70% equity of which is held by Yanfeng directly).
- 5) In the current year, Yanfeng Interior, a subsidiary of the Group, acquired 1.00%, 25.00%, 7.00% and 49.00% equity interest in Yanfeng Visteon (Chongqing) Automotive Trim System Co., Ltd., Yanfeng Visteon Automotive Tooling Co., Ltd., Yanfeng India Automotive Interior Systems Private Limited and Shanghai Jiqiang Automotive Part System Co., Ltd. (all of which are subsidiaries of Yanfeng Interior), respectively from minority shareholders of such subsidiaries, and therefore the shareholding proportion in such subsidiaries increased; and disposed of 24% equity interest in the subsidiaries to minority shareholders of Yanfeng Hainachuan Automotive Trim Systems Co., Ltd. (a subsidiary). The shareholding proportion decreased but still has the control over it.
- 6) In the current year, HASCO, a subsidiary of the Group, purchased 49% equity interest in its subsidiary Shanghai Jiqiang Automotive FEM System Co., Ltd., and therefore its shareholding proportion in this subsidiary increased.

The above transactions reduced the total capital reserve by RMB 225,189,608.93 and increased the minority shareholders' interest by RMB 335,985,104.93.

## (2). Effects of transactions on minority interests and shareholders' equity attributed to shareholders of the Company:

Applicable      N/A

## 3. Interests in JCEs and associates

Applicable      N/A

### (1). Significant JCEs and associates

Applicable      N/A

JCE	Principal place of business	Place of incorporation	Nature of operation	Equity interest held at year-end (%)		Accounting method
				Directly	Indirectly	
SAIC Volkswagen Automotive Co., Ltd. ("SAIC Volkswagen")		Shanghai, China	Manufacturing and sales of automobiles and components	50.00	-	Equity method
SAIC General Motors Co., Ltd. ("SAIC GM")		Shanghai, China	Manufacturing and sales of automobiles and components	50.00	-	Equity method

### (2). Major financial information of significant JCEs

Applicable      N/A

Unit: RMB'000

	Year ended December 31, 2017		Year ended December 31, 2016	
	SAIC Volkswagen	SAIC GM	SAIC Volkswagen	SAIC GM
Current assets	72,072,213.62	50,528,220.41	54,420,115.80	45,220,715.80
Including: cash and cash equivalents				
Non-current assets	67,271,499.66	60,495,551.02	63,601,265.95	59,485,430.85
Total assets	139,343,713.28	111,023,771.43	118,021,381.75	104,706,146.65
Current liabilities	83,751,508.33	72,639,873.72	63,972,831.66	64,788,161.61

Non-current liabilities	12,243,235.55	2,681,603.36	11,978,419.49	2,588,044.36
Total liabilities	95,994,743.88	75,321,477.08	75,951,251.15	67,376,205.97
Minority interests	-	5,467,015.48	-	5,599,735.49
Shareholders' equity attributable to shareholders of the Company	43,348,969.40	30,235,278.87	42,070,130.60	31,730,205.19
Share of net assets according to portion of shareholding	21,674,484.70	15,117,639.43	21,035,065.30	15,865,102.59
Reconciliations	-	227,973.19	-	227,973.19
-Goodwill	-	227,973.19	-	227,973.19
--Unrealized profit of internal transactions				
--Others				
Book value of equity investment in JCEs	21,674,484.70	15,345,612.62	21,035,065.30	16,093,075.78
Fair value of equity investments of JCEs with open quote				
Operating income	256,198,968.85	228,064,070.24	228,550,591.35	202,958,782.31
Financial expenses				
Income tax expenses				
Net profit				
Net profit in discontinued operations				
Net profit attributable to shareholders of the Company	26,724,267.63	15,420,766.88	25,681,997.57	16,947,692.62
Other comprehensive income	-41,174.55	-	150,706.91	-
Total comprehensive income	26,683,093.08	18,685,582.11	25,832,704.48	19,519,372.29
Dividends received from JCEs during the current year				

**(3). Major financial information of significant associates**

Applicable     N/A

**(4). Summarized financial information of insignificant JCEs and associates**

Applicable     N/A

Unit: RMB'000

	Year ended December 31, 2017	Year ended December 31, 2016
JCEs:		
Total book value of investments		
The following items are calculated according to portion of shareholding		
- Net profit	6,645,323.91	5,682,338.80
- Other comprehensive income	12,314.25	-1,807.19
- Total comprehensive income	6,657,638.16	5,680,531.61
Associates:		
Total book value of investments		
The following items are calculated according to portion of shareholding		
- Net profit	1,304,313.71	1,491,055.01
- Other comprehensive income	3,742.08	20,088.35
- Total comprehensive income	1,308,055.79	1,511,143.36

**(5). Explanation for significant restrictions on the capability of JCEs or associates to transfer funds to the Company:**

Applicable      N/A

**(6). Excess deficits in JCEs or associates**

Applicable      N/A

**(7). Unrecognized commitment related to investment in JCEs**

Applicable      N/A

**(8). Contingent liabilities related to joint ventures or associates**

Applicable      N/A

**4. Significant joint operation**

Applicable      N/A

**5. Interests in structured entities that are not in the scope of the consolidated financial statements**

Explanation for structured entities that are not in the scope of the consolidated financial statements:

Applicable      N/A

Interests in structured entities that are not in the scope of the consolidated financial statements are those invested by the Group through other institutions, including funds and wealth management products. The Group only holds the shares of investment without control, so these structured entities are not included in the scope of the consolidated financial statements. During the year 2017, the Group did not provide any financial support to any of these structured entities.

The table below illustrates the book value and risk exposure of the interests in structured entities that are not included in the scope of the consolidated financial statements at December 31, 2017.

Unit: RMB'000

Item	Year ended at December 31, 2017		
	Investment amount	Maximum risk exposure	Account
Funds	26,778,017.39	26,778,017.39	Available-for-sale financial assets, financial assets at fair value through profit or loss
Wealth management products	9,637,531.36	9,637,531.36	Other non-current assets, available-for-sale financial assets, financial assets at fair value through profit or loss

**6. Others**

Applicable      N/A

**XI. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

Applicable      N/A

The Group's major financial instruments include cash and bank balances, financial assets at fair value through profit or loss, notes receivable, accounts receivable, loans and advances, available-for-sale financial assets, long-term receivables, borrowings, financial liabilities at fair value through profit or loss, notes payable, accounts payable and bonds payable, etc. Details of these financial instruments are disclosed in Note (VIII). The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

The Group conducted sensitivity analysis to analyze the impact of reasonable and possible changes of risk variables on profit or loss and equity of the current period. Any risk variables may not change in isolation, so there might be certain relativity between the variables that will have significant effect on the amount influenced by one variable. Thus, the statements below are based on the assumption that every variable changes in isolation.

## **1. Risk management objectives and policies**

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyses the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implements risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

### **1.1 Market risk**

#### **1.1.1. Currency risk**

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group is closely monitoring effects might have on currency risk due to change in exchange rate. For foreign assets and liabilities on balance sheet remaining unchanged, if the exchange rates of RMB had been 10% higher/lower and other variables were held constant, the equity of the Group will decrease or increase by RMB 520,471,000 (minority interests are not deducted).

#### **1.1.2. Interest rate risk**

The Group is exposed to cash flow risk because the Group borrows funds at floating interest rates. At the year-end, Group had floating rate borrowings of RMB 11,355,350,760. For floating rate borrowings, if the interest rates had been 25 base points higher/lower and other variables were held constant, the Group's pre-tax profit of the current year would decrease/increase by RMB 28,388,380.

The Group's fair value interest rate risk of financial instruments relates primarily to fixed-rate bank borrowings. As fixed-rate bank borrowings of the Group are mainly composed of short-term borrowings, the Group considers that changes in fair value of financial instruments arising from changes of interest rates will have no material effect on financial statements.

#### **1.1.3. Other price risk**

The Group's equity investments, including available-for-sale financial assets and financial assets at fair value through profit or loss, are measured at fair value at each balance sheet date. At the year-end, the Group's equity instrument investments are mainly stocks and funds. Therefore, the Group is exposed to the risks of changes in the security prices. For equity instrument investments held by the Group at the year-end, if the market price had been 1% higher/lower and other variables were held constant, shareholders' equity at the year-end would increase/decrease by RMB 686,473,600 (effect of deferred tax is not considered).

### **1.2 Credit risk**

At the year-end, the Group's maximum exposure to credit risk which will result in financial loss to the Group arises from counterparty's default on its contractual obligations. Carrying amounts of financial assets as of the balance sheet date represent the credit risk exposure. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks rather than the maximum exposure to risks, which varies with the future changes in fair value.

In order to minimize credit risk, the Group delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivables at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group's working capital is deposited in banks with high credit rating, so the credit risk of working capital is limited.

Except for the amount of accounts receivable due from certain JCEs and associates of the Group (refer to Note (VIII) 5) and part of other receivables (refer to Note (VIII) 9), the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

### 1.3 Liquidity risk

In the management of liquidity risk, the management monitors the utilization of bank borrowings and ensures compliance with loan covenants. The Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations of cash flows.

## 2. Transfer of financial assets

In the transaction of credit assets securitization, the Group derecognized this kind of financial assets wholly or partly based on the extent of retained risks and rewards of ownership in the transferred financial assets.

At the end of the current year, SAIC-GMAC, a subsidiary of the Group has derecognized the securitized credit assets as follows:

	RMB 100 million
	<b>Amount</b>
Book value of derecognized securitized credit assets before transfer	40.00
Book value of receivables investment recognized by SAIC-GMAC (note)	1.82
Book value of continuous involvement in the financial assets and liabilities recognized by SAIC-GMAC (note)	1.82

Note: SAIC-GMAC provides management service for securitized credit assets which have been already derecognized. SAIC-GMAC did not transfer or retain substantially all the risks and rewards of ownership of the relevant loan portfolio, and SAIC-GMAC continues to have certain control over the above-mentioned financial assets, i.e., SAIC-GMAC did not completely abandon its control over the above credit assets. Therefore, SAIC-GMAC recognized its continuing involvement in assets and liabilities to the extent of continuing involvement in the transferred credit assets.

In addition, at the end of the year, the book value of securitized credit assets (where the Group's subsidiaries SAIC-GMAC and SFC continues to provide management services) which have not been derecognized amounted to RMB 25 billion before transfer. Since the companies held all the subordinated parts of the asset-backed securities, such companies retained substantially all the risks and rewards of ownership of the transferred credit assets, and do not derecognize the transferred credit assets.

## 3. Capital management

The Group manages its capital by optimizing its structure of liabilities and equity to ensure that entities with the group are able to operate sustainably and to maximize shareholders return of investment.

The capital structure of the Group is made up of the Group's net liabilities and equity.



The Group is not restrained to external mandatory requirements of capital management. The Group's management regularly reviews the capital structure of the Group.

## XII. FAIR VALUE MEASUREMENTS

### 1. Fair value of assets and liabilities measured at fair value

√ Applicable    □N/A

Unit: RMB

Item	December 31, 2017			
	Level 1	Level 2	Level 3	Total
<b>I. Measured at fair value on a recurring basis</b>				
I) Financial assets at fair value through profit or loss	519,540,674.90	2,939,066,668.45	1,336,584,108.37	4,795,191,451.72
1. Held-for-trading financial assets	262,763,858.26	51,294,498.00	-	314,058,356.26
-Debt instruments	-	51,294,498.00	-	51,294,498.00
-Equity instruments	262,763,858.26	-	-	262,763,858.26
-Derivative financial assets				
2. Designated as financial assets at fair value through profit or loss	256,776,816.64	2,887,772,170.45	1,336,584,108.37	4,481,133,095.46
-Debt instruments	-	1,090,924,765.60	-	1,090,924,765.60
-Equity instruments	256,776,816.64	1,796,847,404.85	1,336,584,108.37	3,390,208,329.86
II. Available-for-sale financial assets	42,468,921,992.34	12,222,923,565.05	9,420,205,713.69	64,112,051,271.08
1. Debt instruments	805,338,935.00	10,208,964,019.39	25,000,000.00	11,039,302,954.39
2. Equity instruments	41,663,583,057.34	2,013,959,545.66	9,395,205,713.69	53,072,748,316.69
3. others				
(III) Investment property				
1. Leasehold land use right				
2. Leasehold buildings				
3. Land use right held for transfer upon appreciation				
(IV) Biological assets				
1. Consumable biological assets				
2. Bearer biological assets				
<b>Total assets measured at fair value on a recurring basis</b>	42,988,462,667.24	15,161,990,233.50	10,756,789,822.06	68,907,242,722.80
(V) Held-for-trading financial liabilities	-	9,088,763.89	-	9,088,763.89
Including: issued held-for-trading bonds				
Derivative financial liabilities				
Others	-	9,088,763.89	-	9,088,763.89
(VI) Designated as financial liabilities at fair value through profit or loss	-	-	194,535,047.77	194,535,047.77
<b>Total liabilities measured at fair value on a recurring basis</b>	-	9,088,763.89	194,535,047.77	203,623,811.66
<b>II Measured at fair value on a non-recurring basis:</b>				
(I) Held-for-sale assets				
<b>Total assets measured at fair value on a non-recurring basis</b>				
<b>Total liabilities measured at fair value on a non-recurring basis</b>				

**2. Determination basis of the market value for fair value measurements in Level 1 on recurring and non-recurring basis:**

Applicable    N/A

Financial assets categorized as Level 1 are mainly publicly stocks, funds and bonds traded at Shanghai Stock Exchange and Shenzhen Stock Exchange. The fair value of these assets is determined according to unadjusted quotes in active markets.

**3. Qualitative and quantitative information of applied valuation technique and key parameters for fair value measurements in Level 2 on recurring and non-recurring basis**

Applicable    N/A

Financial assets categorized as Level 2 are mainly bonds and currency swaps traded in the inter-bank bond market, etc. The fair value of these bonds is determined according to closing price on the balance sheet date or the last trading date before the balance sheet date in the inter-bank market. The fair value of currency swaps is determined from the inquiry of the counterparty.

**4. Qualitative and quantitative information of applied valuation technique and key parameters for fair value measurements in Level 3 on recurring and non-recurring basis**

Applicable    N/A

Financial assets categorized as Level 3 are mainly unlisted equity investments Group and restricted shares investments and asset management plans held by the Group. The Group used valuation technique of "listed company comparison method" to measure the fair value of shares, based on the stock price of similar securities and the discounts of liquidity. The fair value of such financial liabilities is determined based on corresponding financial assets.

**5. Information to reconciliation of opening and closing carrying amount and sensitivity analysis of unobservable parameters for fair value measurements in Level 3 on recurring basis**

Applicable    N/A

**6. Reasons for the transfers and policies to determine the transfer timing if there are transfers between different fair value hierarchies in respect of fair value measurements in Level 3 on recurring basis**

Applicable    N/A

**7. Changes of valuation techniques in the current period and the corresponding reasons**

Applicable    N/A

**8. Fair value of financial assets and liabilities not measured at fair value**

Applicable    N/A

**9. Others**

Applicable    N/A

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

√ Applicable    □N/A

Unit: RMB

Name of the parent company	Places of incorporation	Business scope	Registered capital	Proportion of the Company's ownership interest held by the parent company (%)	Proportion of the Company's voting rights held by the parent company (%)
SAIC	Shanghai, China	Manufacturing, research, sales, development and investment of automobiles, tractors and motorcycles; operation and management of state-owned assets within the scope of authority; domestic trading (except for specific regulations), advisory services	21,599,175,737.24	71.24	71.24

**2. Major subsidiaries of the Group**

√ Applicable    □N/A

Refer to Note (X).

**3. Major JCEs and associates of the Group**

√ Applicable    □N/A

Refer to Note (VIII) 19 and Note (X).

Other JCEs or associates which had related party transactions with balance formed with the Company in the current period or in the prior period are as follows:

□Applicable    √N/A

Other particulars

□Applicable    √N/A

**4. Other information of related parties**

√ Applicable    □N/A

Name of other related parties	Relationship with the Group
Shanghai Automotive Industry Development Co., Ltd.	Subsidiary of SAIC
SAIC Property Development Co., Ltd.	Subsidiary of SAIC
SAIC Sodexo Service Co., Ltd.	Subsidiary of SAIC
Shanghai Shangkai Real Estate Development Co., Ltd.	Subsidiary of SAIC
Shanghai Automotive Electronics Factory	Subsidiary of SAIC
Shanghai Internal Combustion Engine Research Institute	Subsidiary of SAIC
Shanghai Huali Internal Combustion Engine Co., Ltd.	Subsidiary of SAIC
Shanghai Qiyuan Human Resources Consulting Co., Ltd.	Subsidiary of SAIC
Shanghai Automotive Industry Real Estate Development Co., Ltd.	Subsidiary of SAIC
SAIC Housing Exchange Co., Ltd.	Subsidiary of SAIC
Shanghai Engineering Industry Internal Combustion Engine Detection Bureau	Subsidiary of SAIC
Shanghai International Automobile City Development Co., Ltd.	Associate of SAIC
Shanghai Yike Green Engineering Co., Ltd.	Associate of SAIC
Shanghai Volkswagen Automotive Gift Co., Ltd.	Associate of SAIC
Shanghai ADT Facilities Management Co., Ltd.	Associate of SAIC
Executive directors and other senior management of the Company	Key management personnel

## 5. Related party transactions

### (1). Sales and purchase of goods/rendering and receipts of services

Purchase of goods/receipts of services

√ Applicable    □N/A

Unit: RMB

Related party	Details of related party transaction	Year Ended December 31, 2017	Year Ended December 31, 2016
JCEs	Purchase of goods and materials	474,101,855,022.63	412,112,888,228.42
Associates	Purchase of goods and materials	4,855,270,221.68	2,911,036,549.51
Subsidiaries of SAIC	Purchase of goods and materials	33,915,034.59	36,105,990.01
Associates of SAIC	Purchase of goods and materials	87,336,037.59	60,897,135.42
JCEs	Purchase of long-term assets	153,921,590.39	146,249,812.16
Associates	Purchase of long-term assets	49,222,842.27	2,638,561.01
Associates of SAIC	Purchase of long-term assets	924,044.70	264,150.94
JCEs	Receipts of services-R&D expenditure	833,428,314.31	843,552,030.12
Associates	Receipts of services-R&D expenditure	91,119,735.45	53,888,099.74
Subsidiaries of SAIC	Receipts of services-R&D expenditure	990.57	337,908.00
Associates of SAIC	Receipts of services-R&D expenditure	89,920.91	2,104,900.01
JCEs	Payment of logistics service expenses, royalties and others	109,452,302.34	79,260,371.32
Associates	Payment of logistics service expenses, royalties and others	344,455.40	18,277,881.50
SAIC	Payment of logistics service expenses, royalties and others	308,571.42	310,611.42
Subsidiaries of SAIC	Payment of logistics service expenses, royalties and others	535,107.67	2,668,560.23
Associates of SAIC	Payment of logistics service expenses, royalties and others	28,757.78	-
JCEs	Payment of lease expenses	80,688,882.38	94,640,434.19
SAIC	Payment of lease expenses	1,870,742.78	7,623,371.43
Subsidiaries of SAIC	Payment of lease expenses	7,041,904.45	7,304,280.78

Sales of goods/rendering of services

√ Applicable    □N/A

Unit: RMB

Related party	Details of related party transaction	Year Ended December 31, 2017	Year Ended December 31, 2016
JCEs	Sales of goods	75,700,005,317.29	69,025,769,781.19
Associates	Sales of goods	5,328,887,269.86	4,966,727,844.55
Subsidiaries of SAIC	Sales of goods	82,501.62	241,046.60
JCEs	Sales of materials	249,547,808.14	103,312,899.47
Associates	Sales of materials	41,846,334.30	14,182,501.16
Subsidiaries of SAIC	Sales of materials		21,112.72
JCEs	Trade income	3,289,152,933.35	2,101,121,111.65
Associates	Trade income	146,452.45	1,010,319.44
JCEs	Rendering of services	4,849,375,935.50	4,744,498,517.89
Associates	Rendering of services	120,529,255.18	85,359,361.07
SAIC	Rendering of services	716,290,452.08	389,778,486.42
Subsidiaries of SAIC	Rendering of services	193,958.39	564,241.25
JCEs	Rental income	211,037,552.23	287,953,683.82
Associates	Rental income	4,326,476.57	366,025.23
Subsidiaries of SAIC	Rental income	1,420,910.87	1,529,560.51
Associates of SAIC	Rental income	43,589.74	
JCEs	Royalties for technology	255,944,609.04	

Explanation of purchase and sales of goods, rendering and receipt of services:

□Applicable    √N/A

**(2). Details of trusteeship / contracting and commissioned management / subcontracting with related parties**

The Company's trusteeship / contracting:

□Applicable    √N/A

The related parties' trusteeship / contracting

□Applicable    √N/A

The Company's commissioned management / subcontracting:

□Applicable    √N/A

The related parties' commissioned management / subcontracting

□Applicable    √N/A

**(3). Leases with related parties**

The Company as a lessor:

□Applicable    √N/A

The Company as a lessee:

□Applicable    √N/A

Details of leases with related parties

□Applicable    √N/A

**(4). Guaranty**

The Company as a guarantor

□Applicable    √N/A

The Company as a guarantee

□Applicable    √N/A

Guaranty with related parties

□Applicable    √N/A

**(5). Borrowings/loans with related parties**

□Applicable    √ N/A

**(6). Assets transferring/debt restructuring with related parties**

□Applicable    √ N/A

**(7). Remuneration of key management personnel**

√ Applicable    □N/A

Unit: RMB

Items	Year Ended December 31, 2017	Year Ended 31 December 2016
Remuneration of key management personnel	20,856,500.00	13,882,900.00

**(8). Other related parties**

√Applicable    □N/A

The financing between the Group and its related parties is as follows:

## (a) Loans provided by SFC and SAIC-GMAC to related parties

① Changes in amounts of loans provided by SFC and SAIC-GMAC to related parties are as follows:

Unit: RMB

	JCEs	Associates	Total
December 31, 2016	877,653,251.33	95,931,783.66	973,585,034.99
Loans offered	840,000,000.00	87,195,285.89	927,195,285.89
Repayment collected	-876,211,683.19	-50,254,021.50	-926,465,704.69
December 31, 2017	841,441,568.14	132,873,048.05	974,314,616.19

② Balances of loans provided by SFC and SAIC-GMAC to related parties are as follows:

Unit: RMB

	December 31, 2017	December 31, 2016
JCEs- Short-term loans and discounts	841,441,568.14	875,222,001.33
Associates-Short-term loans and discounts	132,873,048.05	95,931,783.66
JCEs-Long-term loans		2,431,250.00
<b>Total</b>	<b>974,314,616.19</b>	<b>973,585,034.99</b>

③ Interest income received by SFC and SAIC-GMAC from related parties is as follows:

Unit: RMB

	December 31, 2017	December 31, 2016
JCEs	40,803,359.01	56,791,885.39
Associates	3,031,339.60	3,567,020.57
<b>Total</b>	<b>43,834,698.61</b>	<b>60,358,905.96</b>

Interest rate of loans provided by SFC and SAIC-GMAC to related parties shall be calculated as stipulated by the People's Bank of China.

## (b) Related parties' deposits at SFC and SAIC-GMAC

① Movements of related parties' deposits at SFC and SAIC-GMAC are as follows:

Unit: RMB

	JCEs	Associates	SAIC	Subsidiaries of SAIC	Associates of SAIC	Total
December 31, 2016	12,987,745,346.39	2,086,742,219.16	16,092,708,507.56	395,231,677.52	504,530.70	31,562,932,281.33
Deposit taking (repayment)	17,581,618,052.58	91,359,302.24	7,268,428,241.28	-74,735,180.42	2,204.09	24,866,672,619.77
December 31, 2017	30,569,363,398.97	2,178,101,521.40	23,361,136,748.84	320,496,497.10	506,734.79	56,429,604,901.10

② Interest paid by SFC and SAIC-GMAC to related parties were as follows:

Unit: RMB

Related Party	Year Ended December 31, 2017	Year Ended December 31, 2016
JCEs	257,453,910.37	210,781,478.80
Associates	42,244,433.89	33,019,932.71
SAIC	261,438,580.79	262,008,115.24
Subsidiaries of SAIC	4,603,550.75	7,266,072.97
Associates of SAIC	2,205.02	12,881.11
<b>Total</b>	<b>565,742,680.82</b>	<b>513,088,480.83</b>

Interests on deposits of related parties deposited in SAIC-GMAC and SFC are calculated as stipulated by the People's Bank of China.

(c) Loans provided by the Group to related parties (excluding SAIC-GMAC and SFC)

① Movement of entrusted loans provided by the Group to related parties is as follows:

Unit: RMB

	JCEs	Associates	Total
December 31, 2016	342,700,000.00	94,000,000.00	436,700,000.00
Loans offered	490,756,387.00	83,000,000.00	573,756,387.00
Repayments collected	-204,756,387.00	-109,000,000.00	-313,756,387.00
December 31, 2017	628,700,000.00	68,000,000.00	696,700,000.00

② Balance of entrusted loans provided by the Group to related parties is as follows:

Unit: RMB

	December 31, 2017	December 31, 2016
JCEs - short-term loans	473,700,000.00	180,200,000.00
Associates - short-term loans	68,000,000.00	94,000,000.00
JCEs - long-term loans	155,000,000.00	162,500,000.00
<b>Total</b>	<b>696,700,000.00</b>	<b>436,700,000.00</b>

③ Interests received by the Group from related parties are as follows:

Unit: RMB

Related Party	Year Ended December 31, 2017	Year Ended December 31, 2016
JCEs	13,532,554.77	21,880,395.39
Associates	4,318,258.07	4,764,946.35
<b>Total</b>	<b>17,850,812.84</b>	<b>26,645,341.74</b>

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

(d) Entrusted business of SFC

① Entrust business between SFC and related parties (see Note (VIII) 80) is disclosed off balance sheet. SFC received bank charges based on agreements. The bank charges received by SFC from related parties are as follows:

Unit: RMB

	Year Ended December 31, 2017	Year Ended December 31, 2016
JCEs	833,553.09	770,570.90
Associates	443,892.50	300,405.00
<b>Total</b>	<b>1,277,445.59</b>	<b>1,070,975.90</b>

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

Unit: RMB

Entrusting parties	Entrusted deposit December 31, 2017	Targets	Entrusted loans December 31, 2017
JCEs	1,150,000,000.00	JCEs	250,000,000.00
Associates	238,000,000.00	Associates	1,008,000,000.00
SAIC	20,000,000.00	Non-related party	150,000,000.00
<b>Total</b>	<b>1,408,000,000.00</b>	<b>Total</b>	<b>1,408,000,000.00</b>

Unit: RMB

Entrusting parties	Entrusted deposit December 31, 2016	Targets	Entrusted loans December 31, 2016
JCEs	476,000,000.00	JCEs	476,000,000.00
Associates	117,000,000.00	Associates	117,000,000.00
SAIC	20,000,000.00	Non-related party	20,000,000.00
<b>Total</b>	<b>613,000,000.00</b>	<b>Total</b>	<b>613,000,000.00</b>

##### (5) Guarantees

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



**6. Amounts due from/to related parties****(1). Receivables**

√ Applicable    □N/A

Unit: RMB

Items	Related party	Year Ended December 31, 2017		Year Ended 31 December 2016	
		Book balance	Bad debt provision	Book balance	Bad debt provision
Notes receivable	JCEs	25,329,051.91		126,722,000.00	
Accounts receivable	JCEs	14,523,742,356.28		12,210,236,716.01	
Accounts receivable	Associates	1,807,458,928.88		1,763,865,098.40	
Accounts receivable	SAIC	233,247,962.77		-	
Accounts receivable	Subsidiary of SAIC	1,555,298.54		3,516,110.10	
Accounts receivable	JCEs	22,729,918,716.51		15,562,129,489.95	
Accounts receivable	Associates	31,214,296.96		21,363,324.71	
Dividends receivable	JCEs	1,663,753,520.85		1,456,101,750.12	
Dividends receivable	Associates	84,163,042.55		160,904,835.18	
Other receivables	JCEs	286,287,641.16		428,475,124.02	
Other receivables	Associates	12,347,382.62		524,028.40	
Other receivables	Subsidiary of SAIC	326,350.00		330,350.00	

**(2). Payables**

√ Applicable    □N/A

Unit: RMB

Related party	Details of related party transaction	Year Ended December 31, 2017	Year Ended December 31, 2016
Notes payable	JCEs	4,557,658,893.00	71,499,346.98
Notes payable	Associates	41,600,000.00	84,160,000.00
Accounts payable	JCEs	11,891,197,699.18	8,863,721,950.50
Accounts payable	Associates	1,544,445,766.87	1,028,136,529.82
Accounts payable	Subsidiary of SAIC	10,174,047.92	3,598,722.12
Accounts payable	Associates of SAIC	32,812,254.51	21,199,237.58
Receipts in advance	JCEs	756,795,278.13	183,952,339.52
Receipts in advance	Associates	641,151.32	-
Receipts in advance	SAIC	1,040,355,611.78	1,053,305,821.73
Other payables	JCEs	505,934,549.69	495,138,380.85
Other payables	Associates	786,600.15	1,104,595.00
Other payables	Subsidiary of SAIC	1,522,995.10	1,000,000.00
Other payables	Associates of SAIC	420,350.00	420,350.00



**7. Commitments of related parties**

□Applicable    √ N/A

**8. Others**

□Applicable    √ N/A

**XIV. SHARE-BASED PAYMENTS****1. Summary of share-based payments**

□Applicable    √ N/A

**2. Equity-settled share-based payments**

□Applicable    √ N/A

**3. Cash-settled share-based payments**

□Applicable    √ N/A

**4. Amendment and termination of share-based payments**

□Applicable    √ N/A

**5. Others**

□Applicable    √ N/A

**XV. COMMITMENTS AND CONTINGENCIES****1. Significant commitments**

√ Applicable    □N/A

Significant external commitments and their natures and amounts as at the balance sheet date

**(1) Capital commitments**

Unit: RMB'000

	Consolidated	
	December 31, 2017	December 31, 2016
Capital commitments that have been signed but have not been recognized in the financial statements:		
- Commitment for acquisition of long-term assets	8,866,843	5,128,389
- External investment commitment	2,180,623	149,902
<b>Total</b>	<b>11,047,466</b>	<b>5,278,291</b>

**(2) Operating lease commitments**

At the balance sheet date, the Group has the following commitments in respect of non-cancellable operating leases:

Unit: RMB'000

	Consolidated	
	December 31, 2017	December 31, 2016
Minimum lease payments under non-cancellable operating lease:		
1st year subsequent to the balance sheet date	1,463,988	1,265,906
2nd year subsequent to the balance sheet date	1,232,245	968,545
3rd year subsequent to the balance sheet date	1,163,647	870,598
Subsequent years	5,866,938	6,080,809
<b>Total</b>	<b>9,726,818</b>	<b>9,185,858</b>

## 2. Contingencies

### (1). Significant contingencies as at the balance sheet date

Applicable     N/A

At the year-end, guarantees provided by the Group to related parties are as follows:

Guarantor	Guarantee	Relationship with the Group	Category	Currency	Ceiling amount	Debt amount
The Company (Note 1)	SAIC Motor-CP Co., Ltd.	Subsidiary	General guarantee	THB	3,570,000,000.00	2,302,744,446.75
HASCO (Note 2)	HASCO-CP Co., Ltd.	Subsidiary	Maximum guarantee	THB	229,500,000.00	22,950,000.00
Hay Automobile	KS HUAYU Clutch GmbH	JCE	Letter of guarantee	EUR	20,000,000.00	14,000.00
HASCO, Donoghue (Note 3)	Hua Dong Tensed Automotive Foundry Co., Ltd.	JCE	Joint and several liability guarantee	USD	5,775,000.00	1,458,936.96

Note1: Shareholders of SAIC Motor - CP Co., Ltd. provided maximum guarantee for its loans, in which the Company provided the maximum guarantee of THB 3,570,000,000.00 at its shareholding ratio (51%). At the year-end, the actual amount of loans of the Company is THB 2,302,744,446.75 (equivalent to RMB 460,548,889.35).

Note2: Shareholders of HASCO - CP Co., Ltd. provided maximum guarantee for its loans, in which HASCO provided the maximum guarantee of THB 229,500,000.00 at its shareholding ratio (51%). At the year-end, the actual amount of loans of HASCO - CP Co., Ltd. is THB 22,950,000.00 (equivalent to RMB 4,590,000.00).

Note 3: These loans were guaranteed by HASCO and Donghua jointly and severally.

### (2) Explanations for contingencies should be presented even if there was no significant contingencies needs to be disclosed in the Company.

Applicable     N/A

### 3 Others

Applicable     N/A

## XVI. EVENTS AFTER THE BALANCE SHEET DATE

### 1. Significant non-adjustable events

Applicable     N/A

### 2. Profits appropriation

Refer to Note (VIII) 64 for more details on profit distribution after balance sheet date.

Applicable     N/A

Unit: RMB

Profit or dividends proposed to distribute	21,380,734,297.95
Profits or dividends declared to distribute as approved through review	

### 3. Sales return

Applicable     N/A

### 4. Other events after the balance sheet date

Applicable     N/A

**XVII. OTHER SIGNIFICANT EVENTS****1. Corrections of prior period errors****(1). Retrospective restatement**

□Applicable    √ N/A

**(2). Prospective application**

□Applicable    √ N/A

**2. Debt restructuring**

□Applicable    √ N/A

**3. Asset replacement****(1). Non-monetary assets replacement**

□Applicable    √ N/A

**(2). Other assets replacement**

□Applicable    √ N/A

**4 Annuity plan**

□Applicable    √ N/A

**5 Discontinued operations**

□Applicable    √ N/A

**6 Segment information****(1). Determining basis and accounting policies of reporting segments:**

√ Applicable    □N/A

The disclosure of segment report is based on accounting policies. Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into two reporting segments, which are "vehicles and parts" and "financing". The reporting segments are determined based on the Group's operating structure. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. Major products and services delivered or provided by each of the reporting segments are vehicles and parts and financing services.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management.

**(1) Segment information**

Unit: RMB

	Vehicles and parts		Finance		Elimination		Total	
	Year Ended December 31, 2017	Year Ended December 31, 2016 (Restated)	Year Ended December 31, 2017	Year Ended December 31, 2016 (Restated)	Year Ended December 31, 2017	Year Ended December 31, 2016 (Restated)	Year Ended December 31, 2017	Year Ended December 31, 2016 (Restated)
Total operating income								
External revenue	857,307,821,175.20	746,188,994,923.59	13,331,605,824.87	10,225,065,217.45	-	-	870,639,427,000.07	756,414,060,141.04
Inter-segment revenue		-	1,638,696,120.33	1,407,470,970.16	-1,638,696,120.33	-1,407,470,970.16	-	-
Total segment operating income	857,307,821,175.20	746,188,994,923.59	14,970,301,945.20	11,632,536,187.61	-1,638,696,120.33	-1,407,470,970.16	870,639,427,000.07	756,414,060,141.04
Operating costs and expenses	840,820,587,721.20	731,504,233,869.55	10,071,384,745.54	8,064,717,642.65	-1,492,745,293.84	-1,003,896,074.03	849,399,227,172.90	738,565,055,438.17
Add: Gain(loss)from changes in fair value	-	7,484,671.00	-4,335,758.01	-17,508,139.92	-	-	-4,335,758.01	-10,023,468.92
Investment	28,611,443,990.20	28,387,052,245.81	2,200,164,896.92	2,185,534,397.75	-	-	30,811,608,887.12	30,572,586,643.56

SAIC MOTOR ANNUAL REPORT 2017

income								
Exchange gain	-	-	15,696,149.73	18,271,097.34	-	-	15,696,149.73	18,271,097.34
Gains from disposal of assets	22,246,135.57	153,581,255.25	-	-	-	-	22,246,135.57	153,581,255.25
Other income	1,713,167,288.82	-	311,404,615.09	-	-	-	2,024,571,903.91	-
Operating profit	46,834,090,868.59	43,232,879,226.10	7,421,847,103.39	5,754,115,900.13	-145,950,826.49	-403,574,896.13	54,109,987,145.49	48,583,420,230.10
Add: Non-operating income	863,956,074.75	2,679,667,214.88	4,613,727.14	264,499,737.81	-	-	868,569,801.89	2,944,166,952.69
Less: Non-operating expense	716,805,133.07	1,036,238,442.58	739,214.97	1,801,450.22	-	-	717,544,348.04	1,038,039,892.80
Total profit	46,981,241,810.27	44,876,307,998.40	7,425,721,615.56	6,016,814,187.72	-145,950,826.49	-403,574,896.13	54,261,012,599.34	50,489,547,289.99
Less: Income tax expense	5,554,866,081.22	5,211,163,710.60	1,590,049,005.93	1,319,332,053.60	-	-	7,144,915,087.15	6,530,495,764.20
Net profit	41,426,375,729.05	39,665,144,287.80	5,835,672,609.63	4,697,482,134.12	-145,950,826.49	-403,574,896.13	47,116,097,512.19	43,959,051,525.79

Unit: RMB

	Vehicles and parts		Finance		Elimination		Total	
	Year Ended December 31, 2017	Year Ended December 31, 2016 (Restated)	Year Ended December 31, 2017	Year Ended December 31, 2016 (Restated)	Year Ended December 31, 2017	Year Ended December 31, 2016 (Restated)	Year Ended December 31, 2017	Year Ended December 31, 2016 (Restated)
Total assets by segment	544,333,795,654.77	462,391,921,873.51	299,014,806,007.52	221,713,413,526.49	-119,815,470,400.70	-93,395,036,680.94	723,533,131,261.59	590,710,298,719.06
Total liabilities by segment	319,324,987,742.62	263,763,554,056.23	252,173,172,609.75	185,397,469,473.72	-120,070,845,889.10	-93,724,166,891.10	451,427,314,463.27	355,436,856,638.85
Additional information:								
Depreciation and amortization	9,051,598,615.71	7,866,479,034.57	32,906,425.76	35,617,052.77	-	-	9,084,505,041.47	7,902,096,087.34
Impairment loss recognized in current year	1,833,425,812.85	1,668,851,317.45	1,833,973,021.34	1,341,136,858.48	72,196,104.73	199,483,229.68	3,739,594,938.92	3,209,471,405.61
Capital expenditure	25,393,634,057.93	17,237,221,103.97	18,724,740.33	30,619,747.88	-	-	25,412,358,798.26	17,267,840,851.85
Including: Expenditure used in construction in progress	20,266,424,631.82	15,301,850,146.19	144,479.54	1,589,358.03	-	-	20,266,569,111.36	15,303,439,504.22
Prepayments for equipment								
Expenditure used in purchase of fixed assets	3,394,863,800.20	788,372,556.85	13,157,443.48	19,066,427.34	-	-	3,408,021,243.68	807,438,984.19
Expenditure used in purchase of intangible assets	928,441,734.40	456,998,310.17	5,422,817.31	9,963,962.51	-	-	933,864,551.71	466,962,272.68
Expenditure used in long-term deferred expenses	592,697,618.80	690,000,090.76	-	-	-	-	592,697,618.80	690,000,090.76
Expenditure used in investment properties	211,206,272.71	-	-	-	-	-	211,206,272.71	-

(2) The Group's revenue derived from other countries is insignificant and the Group's assets located in other countries are insignificant.

**(2). Financial information of reporting segments**

Applicable      N/A

**(3). Reasons for none of reporting segments in the Company, or failure to disclose total assets and liabilities of each reporting segment**

Applicable      N/A

**(4). Other particulars:**

Applicable      N/A

**7 Other significant transactions and events that may have impact on investors**

□Applicable    √ N/A

**8 Others**

□Applicable    √ N/A

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

Unit: RMB

Item	December 31, 2017	December 31, 2016
Bank acceptances	1,349,862,077.26	2,319,351,064.00
Commercial acceptances	714,170,549.00	44,049,748.00
<b>Total</b>	<b>2,064,032,626.26</b>	<b>2,363,400,812.00</b>

**2. Accounts receivable****(1). Disclosure of accounts receivable by categories:**

√ Applicable    □N/A

Unit: RMB

Item	December 31, 2017					December 31, 2016				
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	%	Amount	%		Amount	%	Amount	%	
Receivables for individually significant items and with individual provision for bad debts	-	-	-	-	-	-	-	-	-	-
Receivables with provisions that were assessed by credit risk characteristics	1,259,120,829.87	100.00	3,073,571.78	0.24	1,256,047,258.09	823,392,904.40	100.00	-	-	823,392,904.40
Receivables for individually non-significant items but individual provision for bad debts	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1,259,120,829.87</b>	<b>/</b>	<b>3,073,571.78</b>	<b>/</b>	<b>1,256,047,258.09</b>	<b>823,392,904.40</b>	<b>/</b>	<b>-</b>	<b>/</b>	<b>823,392,904.40</b>

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

□Applicable    √ N/A

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

√ Applicable    □N/A

Unit: RMB

Aging	December 31, 2017		
	Book balance	Bad debt provision	Proportion (%)
Within 1 year			
Including: Breakdown of aging within 1 year			
Subtotal of within 1 year	948,728,261.26	-	-
1-2 years	245,404,337.68	-	-
2-3 years	47,349,714.38	-	-
Over 3 years	17,638,516.55	3,073,571.78	17.43

SAIC MOTOR ANNUAL REPORT 2017

---

Total	1,259,120,829.87	3,073,571.78	0.24
-------	------------------	--------------	------



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

Applicable  N/A

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

Applicable  N/A

**(2). Bad debt provision, withdrawal or reversal:**

During the year, bad debt provision, and withdrawal or reversal are RMB 3,073,571.78 and RMB 0 respectively.

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

Applicable  N/A

**(3). Accounts receivable actually written off in the current period**

Applicable  N/A

Bad debt provision written off with significant amount

Applicable  N/A

**(4). Top five balances of accounts receivable classified by debtor:**

Applicable  N/A

**(5). Accounts receivable derecognized due to transfer of financial assets:**

Applicable  N/A

**(6). Transfer of amounts of accounts receivables and assets and liabilities arising from continuing involvement:**

Applicable  N/A

Others:

Applicable  N/A

**3 Other receivables**

**(1). Disclosure of other receivables by categories:**

Applicable  N/A

Unit: RMB

Item	December 31, 2017				December 31, 2016					
	Book balance		Bad debt provision		Book value	Book balance		Bad debt provision		Book value
	Amount	%	Amount	%		Amount	%	Amount	%	

SAIC MOTOR ANNUAL REPORT 2017

---

Other receivables for individually significant items and with individual provision for bad debts	-	-	-	-	-	-	-	-	-	-
Other receivables with provisions that were assessed by credit risk characteristics	2,542,734,261.86	100.00	-	-	2,542,734,261.86	1,309,158,264.18	100.00	-	-	1,309,158,264.18
Other receivables for individually non-significant items but individual provision for bad debts	-	-	-	-	-	-	-	-	-	-
Total	<b>2,542,734,261.86</b>	/	-	/	<b>2,542,734,261.86</b>	<b>1,309,158,264.18</b>	/	-	/	<b>1,309,158,264.18</b>

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

Applicable     N/A

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

Applicable     N/A

Unit: RMB

Aging	December 31,2017		
	Book balance	Bad debt provision	Proportion (%)
Within 1 year			
Including: Breakdown of aging within 1 year			
Subtotal of within 1 year	2,090,991,526.07	-	-
1-2 years	441,602,879.97	-	-
2-3 years	7,687,500.00	-	-
Over 3 years	2,452,355.82	-	-
Total	2,542,734,261.86	-	-

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

Applicable     N/A

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

Applicable     N/A

**(2). Bad debt provision, withdrawal or reversal:**

During the year, bad debt provision and withdrawal or reversal are RMB 0 respectively.

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

Applicable     N/A

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

Applicable     N/A

**(4). Disclosure of other receivables by nature**

Applicable     N/A

**(5). Top five balances of other receivables:**

Applicable     N/A

**(6). Accounts receivables related to government grants**

Applicable     N/A

**(7). Accounts receivable derecognized due to transfer of financial assets:**

Applicable     N/A

**(8). Balances of assets and liabilities recognized from transfer of accounts receivable and continuous involvement.**

Applicable     N/A

Other particulars:

 Applicable  N/A**4 Inventories**

## (1) Categories of inventories

Unit: RMB

Item	December 31, 2017			December 31, 2016		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Raw materials	879,246,353.58	-	879,246,353.58	646,295,461.85	-	646,295,461.85
Work-in- process	207,942,149.48	-	207,942,149.48	16,391,872.78	-	16,391,872.78
Finished goods	2,579,930,010.72	95,546,280.08	2,484,383,730.64	1,351,582,249.70	51,238,838.61	1,300,343,411.09
<b>Total</b>	<b>3,667,118,513.78</b>	<b>95,546,280.08</b>	<b>3,571,572,233.70</b>	<b>2,014,269,584.33</b>	<b>51,238,838.61</b>	<b>1,963,030,745.72</b>

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

Unit: RMB

Item	December 31, 2016	Provision	Write-off	December 31, 2017
Finished goods	51,238,838.61	52,693,782.38	8,386,340.91	95,546,280.08

## (3) Circumstances of provision for decline in value of inventories

Unit: RMB

Item	Basis of provision for decline in value of inventories	Reason for reversal of provision
Finished goods	Lower of cost or net realizable value	<input type="checkbox"/> Applicable <input checked="" type="checkbox"/> N/A

**5. Available-for-sale financial assets**

Unit: RMB

Item	December 31, 2017	December 31, 2016
Available-for-sale equity instruments	12,540,293,472.90	10,646,215,752.00
-measured at fair value	12,540,293,472.90	10,646,215,752.00
-measured at cost	-	-
<b>Total</b>	<b>12,540,293,472.90</b>	<b>10,646,215,752.00</b>

**6. Long-term equity investments** Applicable  N/A

Unit: RMB

Item	December 31, 2017			December 31, 2016		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Investments in subsidiaries	72,553,907,412.15		72,553,907,412.15	54,594,849,312.15		54,594,849,312.15
Investments in JCEs and associates	42,417,485,791.11		42,417,485,791.11	42,840,486,996.99		42,840,486,996.99
<b>Total</b>	<b>114,971,393,203.26</b>		<b>114,971,393,203.26</b>	<b>97,435,336,309.14</b>		<b>97,435,336,309.14</b>

**(1) Investments in subsidiaries**

√ Applicable    □ N/A

Unit: RMB

Invested companies	December 31, 2016	Increase	Decrease	December 31, 2017	Impairment provision for the period	Impairment provision as at December 31, 2017
SAIC GM Wuling Co., Ltd.	1,126,669,400.01	-		1,126,669,400.01		
SAIC Maxus Vehicle Co., Ltd. (Note 1)	3,794,250,000.00	2,420,000,000.00		6,214,250,000.00		
SAIC Finance Co., Ltd.	6,584,176,933.09	-		6,584,176,933.09		
SAIC Volkswagen Sales Co., Ltd.	225,339,303.84	-		225,339,303.84		
Shanghai PengPu Machine Building Plant Co., Ltd.	925,582,955.01	-		925,582,955.01		
SAIC Motor Transmission Co., Ltd.(Note 2)	3,990,529,000.00	1,369,061,000.00		5,359,590,000.00		
Nanjing Automobile (Group) Corporation	3,423,861,978.39	-		3,423,861,978.39		
Shanghai Diesel Engine Co., Ltd.	1,173,419,996.46	-		1,173,419,996.46		
SAIC HK Investment Co., Ltd.(Note 3)	67,746,690.00	1,978,319,700.00		2,046,066,390.00		
SAIC Motor UK Co., Ltd.	46,468,800.00	-		46,468,800.00		
SAIC Motor Equity Investment Co., Ltd. (Note 4)	3,300,000,000.00	700,000,000.00		4,000,000,000.00		
SAIC General Motors Sales Co., Ltd.	158,319,147.00	-		158,319,147.00		
HUAYU Automotive Systems Co., Ltd.	12,878,718,472.88	-		12,878,718,472.88		
SAIC Motor (Beijing) Co., Ltd.	316,317,252.11	-		316,317,252.11		
Shanghai Automobile Asset Management Co., Ltd	872,425,316.32	-		872,425,316.32		
SAIC General Motors Sales Co., Ltd.	1,627,026,218.48	-		1,627,026,218.48		
Shanghai Automotive Industry Sales Co., Ltd (Note 5)	3,772,367,835.94	966,457,400.00		4,738,825,235.94		
SAIC HK Limited	590,973,200.76	-		590,973,200.76		
SAIC Motor North America Co., Ltd.	172,336,204.50	-		172,336,204.50		
Anji Automotive Logistics Co., Ltd.	2,118,090,251.55	-		2,118,090,251.55		
Donghua Automobile Industrial Co., Ltd.	654,940,453.36	-		654,940,453.36		
Shanghai Shangyuan Investment Management Co., Ltd. (Note 6)	115,167,221.39	230,000,000.00		345,167,221.39		
China Automotive Industrial Development Co., Ltd.	274,872,910.12	-		274,872,910.12		
SAIC Motor Activity Centre Co., Ltd.	163,314,188.68	-		163,314,188.68		
Shanghai Automotive News Press Co., Ltd.	9,891,593.78	-		9,891,593.78		
Shanghai Jineng Bus Drive System Co., Ltd.	99,908,080.00	-		99,908,080.00		
SAIC investment management Co., Ltd. (Note 7)	1,697,814,220.78	4,295,220,000.00		5,993,034,220.78		
Shanghai Shanghong Real Estate Co., Ltd.	1,900,000,000.00	-		1,900,000,000.00		
Shanghai Sunwin Bus Co., Ltd.	422,301,294.40	-		422,301,294.40		
SAIC Group Financial Holding Management Co., Ltd. (Note8)	1,500,000,000.00	6,000,000,000.00		7,500,000,000.00		
SAIC-IVECO Hongyan Commercial Vehicle Co., Ltd.	592,020,393.30	-		592,020,393.30		
<b>Total</b>	<b>54,594,849,312.15</b>	<b>17,959,058,100.00</b>		<b>72,553,907,412.15</b>		

Note 1: During the year, the Company made additional capital contributions of RMB 1,200,000,000.00 by cash and RMB 1,220,000,000.00 by entrusted loan to SAIC Maxus.

Note2: During the year, the Company made additional capital contribution of RMB 1,369,061,000.00 to SAIC Motor Transmission Co., Ltd. by cash.

Note3: During the year, the Company made additional capital contribution of USD 287,000,000.00 to SAIC HK Investment Co., Ltd. by cash.

Note4: During the year, the Company made additional capital contribution of RMB 700,000,000.00 to SAIC Motor Equity Investment Co., Ltd. by cash.

Note5: During the year, the Company made additional capital contribution of RMB 966,457,400.00 to Shanghai Automotive Industry Sales Co., Ltd. by cash.

Note6: During the year, the Company made additional capital contribution of RMB 230,000,000.00 to Shanghai Shangyuan Investment Management Co., Ltd. by cash.

Note7: During the year, the Company made additional capital contribution of RMB 4,295,220,000.00 to SAIC investment management Co., Ltd. by cash.

Note8: During the year, the Company made additional capital contribution of RMB 6,000,000,000.00 to SAIC Group Financial Holding Management Co., Ltd. by cash.

## (2) Investment in JCEs and associates

√ Applicable    □N/A

Unit: RMB

Invested companies	December 31, 2016	Increase (decrease) during the year	December 31, 2017	Impairment provision as at December 31, 2017
		Other		
<b>I JCEs</b>				
SAIC Volkswagen automotive Co., Ltd.	21,035,065,302.32	639,419,396.54	21,674,484,698.86	
SAIC General Motors Co., Ltd.	15,865,102,592.31	-747,463,159.14	15,117,639,433.17	
Shanghai GM Dong Yue Motors Co., Ltd.	602,991,055.54	-65,908,280.17	537,082,775.37	
Shanghai GM Dong Yue Automotive Powertrain Co., Ltd.	1,555,069,139.97	-11,427,358.94	1,543,641,781.03	
Shanghai GM (Shenyang) Norsom Motors Co., Ltd.	654,071,910.33	-245,302.97	653,826,607.36	
Pan-Asia Technical Automotive Centre	665,147,107.62	-211,078,573.68	454,068,533.94	
SAIC Iveco Commercial Vehicle Investment Co., Ltd.	238,075,849.83	87,233,009.30	325,308,859.13	
<b>Sub-total</b>	<b>40,615,522,957.92</b>	<b>-309,470,269.06</b>	<b>40,306,052,688.86</b>	
<b>II Associates</b>				
Volkswagen Automotive Powertrain Co., Ltd.	1,968,380,813.73	-50,737,385.25	1,917,643,428.48	
Volkswagen Transmission (Shanghai) Co., Ltd.	256,583,225.34	-62,793,551.57	193,789,673.77	
<b>Sub-total</b>	<b>2,224,964,039.07</b>	<b>-113,530,936.82</b>	<b>2,111,433,102.25</b>	
<b>Total</b>	<b>42,840,486,996.99</b>	<b>-423,001,205.88</b>	<b>42,417,485,791.11</b>	

## 7. Investment properties

Movements of investment properties measured at cost are as follows:

Unit: RMB

Item	Buildings	Land use right	Total
<b>I. Cost</b>			
December 31, 2016	362,655,757.85	50,386,952.98	413,042,710.83
December 31, 2017	362,655,757.85	50,386,952.98	413,042,710.83
<b>II. Accumulated depreciation and amortization</b>			
December 31, 2016	100,176,094.72	12,428,781.34	112,604,876.06
Provision	9,532,374.15	1,007,739.07	10,540,113.22



SAIC MOTOR ANNUAL REPORT 2017

---

December 31,2017	109,708,468.87	13,436,520.41	123,144,989.28
III.Net book value			
December 31,2017	252,947,288.98	36,950,432.57	289,897,721.55
December 31,2016	262,479,663.13	37,958,171.64	300,437,834.77

## 8. Fixed assets

### (1) General

Unit: RMB

Item	Buildings	Machinery and equipment	Electronic equipment, furniture and fixtures	Transportation vehicles	Mold	Total
<b>I. Cost</b>						
December 31, 2016	2,988,288,127.69	5,589,935,343.96	718,832,185.00	79,476,870.46	2,867,206,427.58	12,243,738,954.69
Purchase during the year	785,499,863.66	1,164,980,767.29	14,201,603.76	3,680,874.02	199,365,200.00	2,167,728,308.73
Transfer from construction in progress during the year	466,208,352.31	984,123,063.70	81,992,278.49	4,215,822.45	230,632,825.25	1,767,172,342.20
Disposals and retirement during the year	3,468,000.00	153,255,504.76	4,091,190.36	81,606.84	-	160,896,301.96
December 31, 2017	4,236,528,343.66	7,585,783,670.19	810,934,876.89	87,291,960.09	3,297,204,452.83	16,017,743,303.66
<b>II. Accumulated depreciation</b>						
December 31, 2016	677,998,429.24	1,948,439,333.68	412,889,415.80	43,043,288.77	841,090,962.85	3,923,461,430.34
Provision during the year	137,567,900.92	295,364,580.94	71,134,157.06	13,110,614.75	118,606,171.57	635,783,425.24
Disposals and retirement during the year	1,129,275.20	91,721,057.83	1,880,470.18	77,526.50	-	94,808,329.71
December 31, 2017	814,437,054.96	2,152,082,856.79	482,143,102.68	56,076,377.02	959,697,134.42	4,464,436,525.87
<b>III. Impairment</b>						
December 31, 2016	-	1,951,516,552.02	-	97,478.08	1,753,466,531.53	3,705,080,561.63
Provision during the year	-	-	-	-	76,580,879.48	76,580,879.48
Disposals and retirement during the year	-	58,820,383.48	-	-	-	58,820,383.48
December 31, 2017	-	1,892,696,168.54	-	97,478.08	1,830,047,411.01	3,722,841,057.63
<b>IV. Net book value</b>						
December 31, 2017	3,422,091,288.70	3,541,004,644.86	328,791,774.21	31,118,104.99	507,459,907.40	7,830,465,720.16
December 31, 2016	2,310,289,698.45	1,689,979,458.26	305,942,769.20	36,336,103.61	272,648,933.20	4,615,196,962.72

### (2) Details of the certificates of title of fixed assets that were not obtained are as follows

Unit: RMB

Item	Book value	Reasons for certificates of title have not been obtained
Buildings	3,157,305,821.99	In progress

## 9. Construction in progress

Unit: RMB

Item	December 31, 2016	Increase during the year	Transfer to fixed assets upon completion	Transfer to intangible assets	December 31, 2017
Project of passenger vehicles of self-owned brands	137,340,667.63	1,768,268,963.28	1,372,356,586.34	7,719,579.87	525,533,464.70
Project of R&D centre expansion	247,985,602.61	256,851,608.74	296,844,298.86	30,277,074.46	177,715,838.03
Others	126,216,257.49	360,378,049.46	97,971,457.00	2,869,168.36	385,753,681.59
<b>Total</b>	<b>511,542,527.73</b>	<b>2,385,498,621.48</b>	<b>1,767,172,342.20</b>	<b>40,865,822.69</b>	<b>1,089,002,984.32</b>

**10. Intangible assets and development expenditures****(1) General**

Unit: RMB

Item	Land use right	Patent	Know-how	software use right	Trademark right	Total
I. Cost						
December 31, 2016	1,316,796,569.33	1,025,962,252.05	2,344,710,403.83	576,617,003.35	11,533,962.26	5,275,620,190.82
Purchase during the year	515,521,343.38	-	-	1,908,568.37	-	517,429,911.75
Transfer from construction in progress during the year	-	-	-	40,865,822.69	-	40,865,822.69
December 31, 2017	1,832,317,912.71	1,025,962,252.05	2,344,710,403.83	619,391,394.41	11,533,962.26	5,833,915,925.26
II. Accumulated amortization						
December 31, 2016	208,497,836.88	944,712,252.05	1,634,169,737.77	335,185,142.24	3,773,305.42	3,126,338,274.36
Provision during the year	28,894,785.60	-	-	57,944,268.44	1,165,618.44	88,004,672.48
December 31, 2017	237,392,622.48	944,712,252.05	1,634,169,737.77	393,129,410.68	4,938,923.86	3,214,342,946.84
III. Impairment						
December 31, 2016	-	81,250,000.00	710,540,666.06	-	-	791,790,666.06
December 31, 2017	-	81,250,000.00	710,540,666.06	-	-	791,790,666.06
IV. Net book value						
December 31, 2017	1,594,925,290.23	-	-	226,261,983.73	6,595,038.40	1,827,782,312.36
December 31, 2016	1,108,298,732.45	-	-	241,431,861.11	7,760,656.84	1,357,491,250.40

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

Unit: RMB

Item	Book value at December 31, 2017	Reasons for certificates of title have not been obtained
Land use right	676,064,264.84	In progress

**(3) Details of development expenditures**

Unit: RMB

Item	December 31, 2016	Occurred during the year	Recognized in profit and loss	December 31, 2017
Research expenditures		2,342,492,522.76	2,342,492,522.76	
Development expenditures		3,998,483,962.17	3,998,483,962.17	
Total		6,340,976,484.93	6,340,976,484.93	

Development expenditures accounts for 63.06% of total research and development expenditures.

**11. Employee benefits payable****(1) Details of employee benefits payable are as follows:**

Unit: RMB

Item	December 31, 2017	December 31, 2016
Short-term employee benefits	1,887,981,546.50	2,526,191,281.11

**(2) Details of short-term employee benefits are as follows:**

Unit: RMB

Item	December 31, 2017	December 31, 2016
Payroll, bonus, allowance and compensation	1,626,796,088.31	2,279,080,106.63

SAIC MOTOR ANNUAL REPORT 2017

---

Social security contributions	24,939,101.11	21,554,106.87
Housing funds	3,383,232.55	137,110.00
Trade union fund and employee education fund	232,863,124.53	225,419,957.61
<b>Total</b>	<b>1,887,981,546.50</b>	<b>2,526,191,281.11</b>

**12. Non-current liabilities due within one year**

Unit: RMB

Item	December 31, 2017	December 31, 2016
Provisions due within one year (Note (XVIII) 15)	1,454,647,208.39	569,797,570.00

**13. Long-term employee benefits payable**

## a. Details of long-term employee benefits payable

Unit: RMB

Item	December 31, 2017	December 31, 2016
Post-employment benefit-defined benefit plan net liabilities	2,203,511,535.23	2,761,333,540.00
Termination benefits	960,834,262.39	968,050,310.39
<b>Total</b>	<b>3,164,345,797.62</b>	<b>3,729,383,850.39</b>

## b. Details of defined benefit plan

Present value of defined benefit plan obligations:

Unit: RMB

Item	2017	2016
December 31, 2016	2,761,333,540.00	2,365,672,215.12
Cost of defined benefit plan recognized in profit or loss	102,738,136.29	92,896,149.32
1. Past service cost	-	5,018,814.88
2. Net value of interests	102,738,136.29	87,877,334.44
Cost of defined benefit plan recognized in other comprehensive income	-624,485,049.06	334,724,093.58
1. Actuarial losses(gains)	-624,485,049.06	334,724,093.58
Including: benefits paid	-36,075,092.00	-31,958,918.02
December 31, 2017	2,203,511,535.23	2,761,333,540.00

**14. Special payables**

Unit: RMB

Item	December 31, 2017	December 31, 2016
Special reward fund	799,193,690.72	822,960,091.72

**15. Provisions**

Unit: RMB

Item	December 31, 2017	December 31, 2016
Products quality warranty	2,174,856,361.62	1,317,279,557.66
Others	867,513,317.98	594,845,523.30
Sub-total	3,042,369,679.60	1,912,125,080.96
Less: Provisions due within one year (Note (XVIII)12)	1,454,647,208.39	569,797,570.00
Provisions due after one year	1,587,722,471.21	1,342,327,510.96

**16. Deferred income**

Unit: RMB

Item	December 31, 2017	December 31, 2016
Government grants	1,644,991,049.42	527,301,786.46

**17. Deferred tax liabilities**

Unit: RMB

Item	December 31, 2017		December 31, 2016	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Available-for-sale financial assets measured at fair value	7,576,197,562.53	1,136,429,634.38	2,682,119,841.63	402,317,976.24

**18. Capital reserve**

Unit: RMB

Item	December 31, 2016	Increase	December 31, 2017
<b>Year 2017</b>			
Share premium	50,170,949,359.63	14,204,841,093.94	64,375,790,453.57
Including: Capital contributed by investors (Note)	49,991,450,022.24	14,204,841,093.94	64,196,291,116.18
Differences arising from business combination involving enterprises under common control	179,499,337.39		179,499,337.39
Other capital reserves	753,543,097.35		753,543,097.35
<b>Total</b>	<b>50,924,492,456.98</b>	<b>14,204,841,093.94</b>	<b>65,129,333,550.92</b>
<b>Year 2016</b>			
Share premium	50,170,949,359.63		50,170,949,359.63
Including: Capital contributed by investors	49,991,450,022.24		49,991,450,022.24
Differences arising from business combination involving enterprises under common control	179,499,337.39		179,499,337.39
Other capital reserves	753,543,097.35		753,543,097.35
<b>Total</b>	<b>50,924,492,456.98</b>		<b>50,924,492,456.98</b>

Note: Refer to Note (VIII) 59.

**19. Other comprehensive income**

Unit: RMB

Item	December 31, 2016	Year ended December 31, 2017			December 31, 2017
		Increase before income tax	Less: Net amount included in other comprehensive income in the prior periods that is transferred to profit or loss for the period	Less: Income tax expenses	
I. Other comprehensive income that will not be reclassified subsequently to profit or loss	544,148,987.31	624,485,049.06	-	-	1,168,634,036.37
1.Changes in net liabilities or net assets due to remeasurement of defined benefit plans	544,148,987.31	624,485,049.06	-	-	1,168,634,036.37
II. Other comprehensive income that may be reclassified subsequently to profit or loss	2,283,343,784.21	4,873,254,875.06	-	734,111,658.14	6,422,487,001.13
Including: Shares of other comprehensive income that may be reclassified subsequently to profit or loss of invested entities under equity method in future	3,541,918.82	-20,822,845.84	-	-	-17,280,927.02

## SAIC MOTOR ANNUAL REPORT 2017

---

Changes in fair value of available-for-sale financial assets	2,279,801,865.39	4,894,077,720.90	-	734,111,658.14	6,439,767,928.15
Total	2,827,492,771.52	5,497,739,924.12	-	734,111,658.14	7,591,121,037.50

**20. Operating income/costs:**

√ Applicable    □N/A

Unit: RMB

Item	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Operating income	Operating costs	Operating income	Operating costs
Primary operations	54,514,091,046.45	45,549,730,680.81	31,713,914,983.91	26,624,132,956.28
Other operations	2,714,345,259.92	1,534,323,643.77	1,810,067,044.31	1,283,888,253.72
<b>Total</b>	<b>57,228,436,306.37</b>	<b>47,084,054,324.58</b>	<b>33,523,982,028.22</b>	<b>27,908,021,210.00</b>

Other particulars:

**(1) Primary operations**

Unit: RMB

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Operating income	Operating costs	Operating income	Operating costs
Vehicles	51,052,726,447.78	42,578,429,577.23	29,259,203,299.34	24,629,568,790.50
Parts	3,461,364,598.67	2,971,301,103.58	2,454,711,684.57	1,994,564,165.78
<b>Total</b>	<b>54,514,091,046.45</b>	<b>45,549,730,680.81</b>	<b>31,713,914,983.91</b>	<b>26,624,132,956.28</b>

**(2) Other operations**

Unit: RMB

	Year Ended December 31, 2017		Year Ended December 31, 2016	
	Operating income	Operating costs	Operating income	Operating costs
Labor service	783,274,547.57	677,504,784.26	798,040,284.27	751,353,211.99
Sale of materials and scraps	770,910,697.46	763,043,233.54	460,263,385.12	460,001,157.25
Royalties for technology and technology transfer	968,511,109.04		436,175,022.64	-
Lease	54,960,066.36	17,722,734.70	51,758,129.81	17,341,383.70
Others	136,688,839.49	76,052,891.27	63,830,222.47	55,192,500.78
<b>Total</b>	<b>2,714,345,259.92</b>	<b>1,534,323,643.77</b>	<b>1,810,067,044.31</b>	<b>1,283,888,253.72</b>

**21. Impairment losses of assets**

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Bad debt losses	3,073,571.78	-
Decline in value of inventories	52,693,782.38	7,199,968.20
Impairment on fixed assets	76,580,879.48	238,809,809.21
<b>Total</b>	<b>132,348,233.64</b>	<b>246,009,777.41</b>



**22. Investment income**

√ Applicable    □N/A

Unit: RMB

Item	Year Ended December 31, 2017	Year Ended December 31, 2016
Long-term equity investment income under cost method		
Dividends received from subsidiaries	8,366,045,011.69	8,919,940,938.58
Long-term equity investment income under equity method	22,981,638,450.33	23,047,260,561.14
Investment income on disposal of long-term equity investments		
Investment income of financial assets at fair value through profit or loss during the period in which they are held		
Investment income from disposal of financial assets at fair value through profit or loss		
Investment income of held-to-maturity investments during the period in which they are held		
Investment income from available-for-sale financial assets in holding period	397,935,649.08	298,180,991.31
Investment income from disposal of available-for-sale financial assets		
Gains on re-measurement of remaining equity at fair value after the control is lost		
Entrusted loans investment income	165,115,041.11	93,960,214.64
Amortization of long-term equity investment difference		-319,325.10
Gains on disposal of long-term equity investments		87,492,142.39
<b>Total</b>	<b>31,910,734,152.21</b>	<b>32,446,515,522.96</b>

**23. Supplementary information to the cash flow statements**

Unit: RMB

Supplementary information	Year Ended December 31, 2017	Year Ended December 31, 2016
<b>1. Reconciliation of net profits to cash flow from operating activities:</b>		
Net profit	27,459,530,038.85	27,631,589,141.92
Add: Provision for impairment loss of assets	132,348,233.64	246,009,777.41
Depreciation of fixed assets	635,783,425.24	562,529,201.85
Amortization of intangible assets	88,004,672.48	88,141,857.69
Depreciation and amortization of investment properties	10,540,113.22	10,540,113.52
Amortization of long-term prepaid expenses	16,553,906.60	18,318,702.26
Losses (gains) on disposal of assets	-5,964,755.58	1,067,547.86
Financial expenses	573,487,529.71	-472,995,849.81
Investment income	-31,910,734,152.21	-32,446,515,522.96
Other income related to assets	-44,560,237.04	
Increase in inventories	-1,661,235,270.36	-283,893,690.30
Increase in operating receivables	-1,680,008,478.24	-429,655,676.23
Increase in operating payables	7,920,501,444.62	7,279,706,230.18
Net cash flow from operating activities	1,534,246,470.93	2,204,841,833.39
<b>2. Net movement of cash and cash equivalents:</b>		
Balance at the end of the year	67,146,098,830.38	55,541,206,630.65
Less: Balance at the beginning of the year	55,541,206,630.65	53,896,855,196.85
<b>Net increase in cash and cash equivalents</b>	<b>11,604,892,199.73</b>	<b>1,644,351,433.80</b>



## 24. Related party relationships and transactions

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

- (1) Details of major subsidiaries of the Company refer to Note (X) 1.  
In addition, E-propulsion Auto was originally a joint venture of the Company. In the current year, it is changed as a subsidiary of the Company due to the business combination involving enterprises under common control by Investment Management, a subsidiary of the Company.
- (2) Refer to Note (VIII) 19 and Note (X) 3 for details of major JCEs and associates of the Company.
- (3) Refer to Note (XIII) 4 for details of other major related parties which have significant transactions or balances with the Company.

### B. Related party transactions

#### (1) Sales and purchases

##### (a) Sales of goods

Unit: RMB

Related party	Year Ended December 31, 2017	Year Ended December 31, 2016
Subsidiaries	5,560,606,696.05	1,887,639,398.16

##### (b) Sales of materials

Unit: RMB

Related party	Year Ended December 31, 2017	Year Ended December 31, 2016
Subsidiaries	710,228,350.11	418,476,418.02
Associates	22,618,105.75	14,182,501.16
Subsidiaries of SAIC	-	21,112.72
<b>Total</b>	<b>732,846,455.86</b>	<b>432,680,031.90</b>

##### (c) Purchase of goods and materials

Unit: RMB

Related party	Year Ended December 31, 2017	Year Ended December 31, 2016
Subsidiaries	31,689,278,546.16	15,829,045,551.72
JCEs	4,416,212,336.44	2,934,823,043.61
Associates	1,298,133,883.08	813,206,682.40
Subsidiaries of SAIC	153,724.42	3,924,896.86
Associates of SAIC	40,915,100.73	24,341,342.76
<b>Total</b>	<b>37,444,693,590.83</b>	<b>19,605,341,517.35</b>

##### (d) Purchase of long-term assets

Unit: RMB

Related party	Year Ended December 31, 2017	Year Ended December 31, 2016
Subsidiaries	93,535,995.12	64,565,721.79
JCEs	78,374,435.97	50,437,688.07
Associates	5,411,521.52	2,638,561.01
Associates of SAIC	924,044.70	264,150.94

Total	<b>178,245,997.31</b>	<b>117,906,121.81</b>
-------	-----------------------	-----------------------

## (e) Acceptance of services - R&amp;D expenditures

Unit: RMB

Related party	Year Ended December 31, 2017	Year Ended December 31, 2016
Subsidiaries	602,637,098.33	600,708,335.41
JCEs	745,960,308.91	795,333,889.99
Associates	91,119,735.45	53,888,099.74
Subsidiaries of SAIC	990.57	337,908.00
Associates of SAIC	89,920.91	2,104,900.01
<b>Total</b>	<b>1,439,808,054.17</b>	<b>1,452,373,133.15</b>

## (2) Rendering of services

## (a) Rendering of services

Unit: RMB

Related party	Year Ended December 31, 2017	Year Ended December 31, 2016
Subsidiaries	27,390,868.63	7,839,758.32
JCEs	151,521,524.05	3,816,588.39
Associates	2,160,291.51	307,790.57
SAIC	398,477,774.03	248,269,051.92
Subsidiaries of SAIC	-	3,335,494.86
<b>Total</b>	<b>579,550,458.22</b>	<b>263,568,684.06</b>

## (b) Rental income

Unit: RMB

Related party	Year Ended December 31, 2017	Year Ended December 31, 2016
Subsidiaries	33,697,230.32	26,351,762.62
JCEs	21,262,836.04	21,262,836.03
<b>Total</b>	<b>54,960,066.36</b>	<b>47,614,598.65</b>

## (c) Royalties for technology

Unit: RMB

Related party	Year Ended December 31, 2017	Year Ended December 31, 2016
Subsidiaries	712,446,500.00	436,175,022.64
JCEs	255,944,609.04	-
<b>Total</b>	<b>968,391,109.04</b>	<b>436,175,022.64</b>

## (3) Other expenses

## (a) Logistics service expenses, royalties and others

Unit: RMB

Related party	Year Ended December 31, 2017	Year Ended December 31, 2016
Subsidiaries	1,747,311,083.45	655,198,922.29
JCEs	155,276.00	1,833,803.39
Associates	-	750,500.00
<b>Total</b>	<b>1,747,466,359.45</b>	<b>657,783,225.68</b>

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

(4) Financing

(a) Loans to related parties

① Movement of entrusted loans to related parties by the Company are as follows:

Unit: RMB

	Subsidiaries
December 31, 2016	5,204,390,000.00
Loans offered	4,587,440,000.00
Repayment collected	-4,696,000,000.00
December 31, 2017	5,095,830,000.00

RMB 2,917,440,000.00 of balances of above entrusted loans is presented under other current assets, RMB 540,000,000.00 is presented under other non-current assets, and RMB 1,638,390,000.0 is presented under other non-current assets due within one year.

② Balances of loans offered directly to related parties are as follows:

Unit: RMB

	Subsidiaries
December 31, 2016	9,393,820,500.00
Loans offered	400,000,000.00
Repayment collected	-400,000,000.00
Effect of foreign exchange rate changes	-522,230,200.00
December 31, 2017	8,871,590,300.00

The balances of above entrusted loans are presented under other non-current assets.

③ Loan interests received from related parties are as follows:

Unit: RMB

	Year Ended December 31, 2017	Year Ended December 31, 2016
Subsidiaries	162,162,518.72	93,377,565.59

The Company's entrusted loans and loan interest rates to its subsidiaries are based on contractual agreements.

(b) Deposits at SFC

① Movement of deposits at SFC is as follows:

Unit: RMB

	December 31, 2016	Increase	Decrease	December 31, 2017
Cash and bank balances	40,009,838,450.86	317,268,445,005.91	-305,243,224,235.97	52,035,059,220.80

② Interest receivable from SFC is as follows:

Unit: RMB

	December 31, 2017	December 31, 2016
Interest receivable	366,572,011.24	336,059,208.34

③ Interest received from SFC is as follows:

Unit: RMB

	December 31, 2017	December 31, 2016
Interest income	926,638,894.38	805,224,200.25

Interest rates for deposits at SFC were determined according to interest rates specified by the People's Bank of China.

(c) Financing charges paid to SFC

Unit: RMB

	December 31, 2017	December 31, 2016
SFC	261,709,501.98	241,367,085.36

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

(5) Guarantees

At the year-end, guarantees provided by the Company to related parties are as follows:

Guarantee	Relationship with the Company	Category	Currency	Ceiling amount	Debt amount
SAIC Motor - CP Co., Ltd. (Note)	Subsidiaries	maximum guarantee	THB	3,570,000,000.00	2,302,744,446.75

Refer to Note (XV) 2 note 1 for details.

### C. Amounts due from / to related parties

(1) Notes receivable

Unit: RMB

Related party	December 31, 2017	December 31, 2016
Subsidiaries	971,544,387.00	552,186,906.00

(2) Accounts receivable

Unit: RMB

Related party	December 31, 2017	December 31, 2016
Subsidiaries	847,172,705.19	668,528,855.76
JCEs	272,349,253.59	25,446,522.70
Associates	45,419,289.17	26,742,769.81
Subsidiaries of SAIC	-	1,484,835.40
<b>Total</b>	<b>1,164,941,247.95</b>	<b>722,202,983.67</b>

(3) Prepayments

Unit: RMB

Related party	December 31, 2017	December 31, 2016
Subsidiaries	108,571,754.22	51,742,133.09
Associates	22,430,696.96	21,363,324.71
<b>Total</b>	<b>131,002,451.18</b>	<b>73,105,457.80</b>

## (4) Dividends receivable

Unit: RMB

Related party	December 31, 2017	December 31, 2016
Subsidiaries	71,468,678.28	9,300,341.98
JCEs	1,507,433,700.67	1,182,589,765.98
<b>Total</b>	<b>1,578,902,378.95</b>	<b>1,191,890,107.96</b>

## (5) Other receivables

Unit: RMB

Related party	December 31, 2017	December 31, 2016
Subsidiaries	848,228,043.05	247,067,753.80

## (6) Accounts payable

Unit: RMB

Related party	December 31, 2017	December 31, 2016
Subsidiaries	5,747,691,532.91	2,317,281,123.04
JCEs	1,565,755,870.69	2,064,918,436.03
Associates	330,650,647.72	312,139,725.55
Subsidiaries of SAIC	361,494.67	15,820,488.42
Associates of SAIC	17,701,690.02	3,917,198.35
<b>Total</b>	<b>7,662,161,236.01</b>	<b>4,714,076,971.39</b>

## (7) Receipts in advance

Unit: RMB

Related party	December 31, 2017	December 31, 2016
Subsidiaries	92,608,563.09	86,700,425.70
SAIC	886,191,087.04	1,053,305,821.73
<b>Total</b>	<b>978,799,650.13</b>	<b>1,140,006,247.43</b>

## (8) Other payables

Unit: RMB

Related party	December 31, 2017	December 31, 2016
Subsidiaries	391,305,691.73	1,326,129.89
JCEs	31,000.00	29,000.00
Associates	28,500.00	10,000.00
Associates of SAIC	16,350.00	16,350.00
<b>Total</b>	<b>391,381,541.73</b>	<b>1,381,479.89</b>

**25. Others**

□Applicable    √N/A

**XIX. APPROVAL OF THE FINANCIAL STATEMENTS**

The consolidated and the Company's financial statements have been approved by the Board of Directors on March 28, 2018.



**XX. SUPPLEMENTARY INFORMATION****1. Non-recurring profit or loss**

√Applicable    □N/A

Unit: RMB

Item	Amount	Description
Loss on disposal of non-current assets	-176,186,005.11	
Tax refunds or reductions with ultra vires approval or without official approval documents		
Government grants recognized in profit or loss for the current year, except those which are closely related with normal business courses, and granted on quota basis continuously based on the state policy	2,658,540,681.19	
Income earned from lending funds to non-financial institutions and recognized in profit or loss		
The excess of acquirer's proportionate share of fair value of identifiable net assets of acquiree over the consideration paid for the acquisition of subsidiaries, associates and JCEs	90,827,100.61	
Profit or loss on exchange of non-monetary assets		
Profit or loss on entrusted investments or assets management		
Impairment losses on assets due to force majeure events, e.g. natural disasters		
Profit or loss on debt restructuring	506,460.00	
Entity restructuring expenses, e.g., expenditure for layoff of employees, integration expenses, etc.		
Profit or loss attributable to the evidently unfair portion of transaction price, being transacted price in excess of fair transaction price, of a transaction		
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control	-1,120,333.39	
Profit or loss arising from contingencies other than those related to normal operating business		
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those for effective hedging activities relating to normal operating business	4,944,490.56	
Reversal of provision for impairment of accounts receivable undertaken impairment test separately	220,849,689.64	
Profit or loss on offering entrusted loans	29,686,211.04	
Profit or loss on changes in the fair value of investment properties that are subsequently measured using the fair value model		
Effects on profit or loss of one-off adjustment to profit or loss for the period according to the requirements of tax laws and accounting laws and regulations	-186,509,549.00	
Custodian fees earned from entrusted operation		
Other non-operating income and expenses other than the above	-353,613,492.77	
Other profit or loss that meets the definition of non-recurring profit or loss		
Tax effects of income tax	-357,322,264.10	
Effect of minority interest	-436,018,732.67	
<b>Total</b>	<b>1,494,584,256.00</b>	

Non-recurring profit or loss above is calculated and disclosed according to the Securities Regulatory Commission Notice [2008]No.43 "Explanatory Notice No. 1 to Information Disclosure Guidance for Public Companies - Non-recurring Gains and losses(2008)" issued by China Securities Regulatory Commission.

□Applicable    √N/A

**2. Return on net assets and earnings per share**

√ Applicable    □N/A

Profit for the reporting period	Weighted average return on net assets (%)	EPS (RMB)	
		Basic EPS	Diluted EPS
Calculated based on net profits attributable to shareholders of the Company	16.87	2.959	N/A
Calculated based on net profits attributable to shareholders of the Company after deducting non-recurring profit or loss	16.14	2.831	N/A

**3. Differences between amounts prepared under foreign accounting standards and China Accounting Standards**

□Applicable    √N/A

**4. Others**

√ Applicable    □N/A

## Consolidated Balance Sheet

Unit: RMB

Item	December 31, 2017	December 31, 2016 (Restated)	January 1, 2016 (Restated)
<b>Current assets:</b>			
Cash and bank balances	121,611,119,762.58	105,949,791,363.07	72,707,263,379.23
Financial assets at fair value through profit or loss	4,795,191,451.72	1,559,753,224.57	1,221,103,619.65
Notes receivable	29,641,741,952.44	30,038,463,383.46	36,273,968,771.39
Accounts receivable	34,667,807,134.14	30,661,741,111.58	29,327,388,051.87
Prepayments	29,835,194,963.01	20,529,658,025.70	13,388,710,291.99
Interest receivable	436,146,798.02	330,661,934.30	382,043,515.93
Dividends receivable	1,761,126,784.54	1,622,991,754.82	1,597,857,015.27
Other receivables	9,214,202,529.39	6,960,736,476.23	5,080,971,066.77
Financial assets purchased under resale agreements	630,960,113.64	978,112,755.49	-
Assets held for sale	-	-	27,459,029.83
Inventories	50,041,764,931.61	37,039,781,805.92	37,243,441,948.98
Non-current assets due within one year	55,300,271,868.34	52,837,948,607.91	29,213,526,240.21
Other current assets	52,012,996,973.19	42,525,826,872.51	43,565,785,139.02
<b>Total current assets</b>	<b>389,948,525,262.62</b>	<b>331,035,467,315.56</b>	<b>270,029,518,070.14</b>
<b>Non-current assets:</b>			
Loans and advances	78,577,101,273.22	46,220,053,713.07	34,676,090,843.68
Available-for-sale financial assets	64,368,156,943.26	50,484,749,497.34	65,495,009,648.25
Long-term receivables	3,976,345,463.86	1,957,243,976.67	801,879,818.41
Long-term equity investments	67,500,222,664.05	62,657,515,441.06	58,999,673,822.64
Investment properties	2,909,327,436.89	2,546,831,984.39	2,684,961,353.45
Fixed assets	58,226,659,045.41	47,062,354,250.81	38,699,867,316.88
Construction in progress	16,476,971,494.76	13,266,596,859.09	11,856,283,792.37
Intangible assets	11,745,315,032.15	10,796,991,720.03	8,364,551,490.04
Development expenditure	1,725,507.76	2,391,298.20	4,298,394.04
Goodwill	723,671,120.83	668,658,526.45	463,459,170.13
Long-term deferred expenses	1,835,226,124.04	1,542,669,098.09	1,286,897,910.97
Deferred tax assets	24,935,294,382.21	20,852,244,252.47	16,991,606,228.73
Other non-current assets	2,308,589,510.53	1,616,530,785.83	1,368,345,230.79
<b>Total non-current assets</b>	<b>333,584,605,998.97</b>	<b>259,674,831,403.50</b>	<b>241,692,925,020.38</b>
<b>TOTAL ASSETS</b>	<b>723,533,131,261.59</b>	<b>590,710,298,719.06</b>	<b>511,722,443,090.52</b>

## Consolidated Balance Sheet (Continued)

Unit: RMB

Item	December 31, 2017	December 31, 2016 (Restated)	January 1, 2016 (Restated)
<b>Current liabilities:</b>			
Short-term borrowings	15,717,398,963.92	8,728,150,584.10	4,908,346,545.97
Customer deposits and deposits from banks and other financial institutions	70,485,676,399.08	43,041,468,926.22	44,248,919,465.01
Loans from banks and other financial institutions	34,930,500,000.00	27,400,000,000.00	23,429,657,800.31
Financial liabilities at fair value through profit or loss	203,623,811.66	-	7,486,291.00
Notes payable	16,541,420,529.40	11,740,912,162.92	7,282,802,230.82
Accounts payable	121,119,412,722.34	104,739,834,221.78	99,081,691,019.93
Receipts in advance	27,177,408,061.93	22,675,737,991.07	18,317,063,798.28
Financial assets sold under repurchase agreements	319,000,000.00	49,999,900.00	-
Employee benefits payable	9,939,516,570.41	10,154,726,765.87	8,406,294,056.51
Taxes payable	17,129,176,844.54	13,913,799,886.15	7,391,537,440.61
Interest payable	610,559,018.57	445,071,370.07	230,220,570.51
Dividends payable	679,330,055.29	255,265,008.62	448,541,726.94
Other payables	59,041,743,593.18	45,367,724,182.38	38,647,052,858.17
Non-current liabilities due within one year	16,936,763,752.55	8,673,620,748.14	4,974,248,176.38
Other current liabilities	140,976,830.85	200,154,593.51	205,734,205.76
<b>Total current liabilities</b>	<b>390,972,507,153.72</b>	<b>297,386,466,340.83</b>	<b>257,579,596,186.20</b>
<b>Non-current liabilities:</b>			
Long-term borrowings	6,894,020,462.22	4,285,992,305.58	1,398,811,144.23
Bonds payable	7,071,853,349.24	14,160,128,076.50	8,208,109,400.04
Long-term payable	182,886,657.29	184,416,188.05	12,010,354.00
Long-term employee benefits payable	5,672,806,296.02	6,309,621,019.47	6,018,478,333.05
Special payables	840,803,400.85	824,105,091.72	902,125,492.72
Provisions	13,460,917,924.90	12,238,453,168.78	9,869,134,713.81
Deferred income	23,246,470,930.92	17,836,094,586.61	13,803,658,069.28
Deferred tax liabilities	3,085,048,288.11	2,211,579,861.31	2,833,255,427.98
<b>Total non-current liabilities</b>	<b>60,454,807,309.55</b>	<b>58,050,390,298.02</b>	<b>43,045,582,935.11</b>
<b>TOTAL LIABILITIES</b>	<b>451,427,314,463.27</b>	<b>355,436,856,638.85</b>	<b>300,625,179,121.31</b>
<b>SHAREHOLDERS' EQUITY:</b>			
Share capital	11,683,461,365.00	11,025,566,629.00	11,025,566,629.00
Capital reserve	54,867,314,544.49	41,112,249,252.90	40,244,769,815.73
Other comprehensive income	13,853,150,770.24	9,966,472,713.03	10,916,793,233.73
Special reserve	409,006,286.66	335,356,348.86	275,789,416.38
Surplus reserve	37,746,485,600.86	32,254,579,593.08	26,728,261,764.70
General risk reserve	2,080,126,313.35	1,738,792,163.43	844,919,712.17
Retained earnings	104,695,757,831.17	95,665,028,936.88	85,272,616,335.22
<b>Total shareholders' equity attributable to shareholders of the Company</b>	<b>225,335,302,711.77</b>	<b>192,098,045,637.18</b>	<b>175,308,716,906.93</b>
Minority interests	46,770,514,086.55	43,175,396,443.03	35,788,547,062.28
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>272,105,816,798.32</b>	<b>235,273,442,080.21</b>	<b>211,097,263,969.21</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>723,533,131,261.59</b>	<b>590,710,298,719.06</b>	<b>511,722,443,090.52</b>



**Section XII List of Documents Available For Inspection**

List of Documents Available For Inspection	Financial statements with signatures of legal person, responsible person of accounting professional and accountant in charge
List of Documents Available For Inspection	Auditors' report with signatures of accounting firm and certificated accountants
List of Documents Available For Inspection	Announcement and document released on paper of CSRC during reporting period

Chairman of the Board: Chen Hong

Date of Approval by the board: March 30, 2018

**Other revised information**Applicable    N/A