



Chongqing Changan Automobile

Company Limited

2010 Annual Report

April, 2011

paraphrase

In this report, unless otherwise specified, the following abbreviations are with the following specific meanings:

Changan Auto., the Company	meaning	Chongqing Changan Automobile Company Limited
South Industries	meaning	China South Industries Group Corp. Company's actual controller
China Changan	meaning	China Changan, old name: China South Industries automobile Co., Ltd., a subsidiary company of South Industries
Changan Industry	meaning	Chongqing Changan Industry(Group) Co., Ltd., old name: Changan Automobile Co., Ltd., Changan Automobile (Group) Co., Ltd., a subsidiary company of South Industries
Nanjing Changan	meaning	Nanjing Changan Automobile Co., Ltd., a subsidiary company of the Company
Hebei Changan	meaning	Hebei Changan Automobile Co., Ltd., a subsidiary company of the Company
International Company	meaning	Chongqing Changan Automobile International Sale Service Co., Ltd.
CFMA	meaning	Changan Ford Mazda Automobile Co.,, a JV of the Company
CFME	meaning	Changan Ford Mazda Engine Co., a JV of the Company
Changan Suzuki	meaning	Chongqing Changan Suzuki Auto. Co.Ltd., a JV of the Company
Jiangling holding	meaning	Jiangling Holding Co., a JV of the Company
Hafei Group	meaning	Harbin Hafei Automobile Industry Group Co., Ltd., a subsidiary company of China Changan
Changhe Auto.	meaning	Changhe Automobile Co., Ltd. , a subsidiary company of China Changan
Baoding Changan bus	meaning	Hebei Baoding Changan Bus Co., Ltd., a subsidiary company of Changan Industry
Changan Kuayue	meaning	Chongqing Changan Kuayue Co., Ltd., a subsidiary company of Changan Industry
CMAL	meaning	Chongqing Changan Minsheng APLL Logistics Co., Ltd, a subsidiary company of Changan Industry
Changan Jinling	meaning	The former Chongqing Changan Jinling Automobile Parts Liability Co., Ltd., already been acquired by the Company
Financial Co. of CSGC	meaning	Financial Co. of China South Industries Group Corporation

I Important notes and Catalogue

Important Notes

The Board of Directors & Supervisors of Chongqing Changan Automobile Co., Ltd. (hereinafter referred to as "the Company"), the directors, supervisors and senior management guarantee that the information contained in the annual report is free of false records, misleading statements or significant omissions, and assume individual and joint liabilities for the truthfulness, accuracy and integrity of the annual report.

No director, supervisor and senior management have raised any disagreement with regard to the truthfulness, accuracy and completeness of the report.

Directors absent from the meeting.

Name of the Director	Reasons for the absence	Name of the consignee
Zou Wenchao	On Business	Lian Gang
Wang Xiaoxiang	On Business	Lian Gang
Wang Chongsheng	On Business	Zhu Huarong
Dong Yang	On Business	Ouyang minggao

The auditor of the Company, ERNST&YOUNG Hua Ming issued standard audit report without reserving its opinion.

Chairman Mr. Xu Liuping, General Manager Mr. Zhang Baolin, Chief Accountant Mr. Cui Yunjiang, and the Chief of Accountant department, Mr. Hua ZhanBiao, herein declare to guarantee: the truthfulness and completeness of the financial statements of this annual report.

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II. General Introduction to the Company

1. The Company's legal Chinese name: 重庆长安汽车股份有限公司
The Company's legal English name: **Chongqing Changan Automobile Company Limited**
2. Legal representative of the Company: Mr. Xu Liuping
3. Secretaries of the Board: Mr. Cui Yunjiang, Ms. Li Jun
Address: No. 260, East Jianxin Road Jiangbei District, Chongqing
Telephone: (023) 67594009
Fax: (023) 67866055
Email address: cazqc@changan.com.cn
4. Registered address: No. 260, East Jianxin Road Jiangbei District, Chongqing
Post code: 400023
Office Address: No. 260, Jian Xin East Road, Jiang Bei District, Chongqing
Post code: 400023
Internet Website of the Company: <http://www.changan.com.cn>
Email Address of the Company: cazqc@changan.com.cn
5. Publications for information disclosure of the Company: *China Securities*,
Securities Daily and *Hong Kong Business*
Website for information disclosure of the Company: <http://www.cninfo.com.cn>
Annual Report preparation: Office of the Board of Directors
6. Place of listing: Shenzhen Stock Exchange
Abbreviated name of the stock: Changan Automobile Changan B
Stock Code: 000625 200625
7. The Company was first registered on: October 31, 1996
Registered Address: No. 309, Nan Cheng Road, Nan An District, Chongqing
Date of change in registration: Sep. 27th, 2010
Registered Address: No. 260, East Jianxin Road, Jiangbei District, Chongqing
Business license number: *Yu Zhi* 500000000005061
Taxation registration number: State Taxation *Chong* Z50010520286320X, Di Shui

Zi50010520286320X

The name and address of the accounting firm for the reporting year:

CPA firm: ERNST&YOUNG Hua Ming CPA

Address: Level 16, Ernst & Young Tower Oriental Plaza 1 East Changan Ave.

Dongcheng District Beijing, China

III. Extracts of Accounting and Operating Data

1. The Company's accounting data for the current year (Expressed in RMB yuan):

Sales profit	2,016,309,724.89
Total profit	2,021,995,937.62
Net profit attributed to listed company shareholders	2,060,349,760.25
Net profit attributed to listed company shareholders except unusual loss and profit	2,062,632,158.04
Net cash flow for operation	2,790,443,351.65
Add or subtract of Cash and cash equivalent	748,439,548.82
Remarks : except unusual profit and loss project and cash	
Profit and loss arising from disposal of non-current assets	-49,916,563.41
Government grants	50,938,346.80
Current net profit from beginning to combined date of business combination under common control	-27,661,628.30
Investment income from the fair value changes of held for trading financial assets or liabilities, and the disposal of held for trading financial assets, liabilities or available for sale financial assets	4,563,744.00
Other non-operating income and expenses	-3,022,794.88
Other income and expenses in accordance with the definition of non-recurring profit and loss	2,292,311.52
Effect on income tax	-280,257.19
Effect on minority shareholders (after tax)	-23,086,841.46
Total	-49,916,563.41

2. Reconciliation of the net profits presented under the PRC accounting standards and International Financial Reporting Standards ("IFRS") (Expressed in RMB yuan)

	Net profits		Net assets	
	Current period	Adjusted No. of last period	End of period	Adjusted NO. of period beginning
Account report according to the international finance report rules	2,026,986,470.02	1,120,706,384.17	10,554,258,381.62	8,919,199,237.71
Account report according to the enterprise accounting rule and system under the PRC	2,026,986,470.02	1,120,706,384.17	10,625,542,446.62	8,990,483,302.71
Adjustment of according to international accounting rules:				
Payment to currency shareholders of A share cash opposite price (Note)			-71,284,065.00	-71,284,065.00
Total			-71,284,065.00	-71,284,065.00
Difference between Chinese	Note : Jiangling Holding company, the Company's JV, held by Jiangling stake in listed			

and international accounting standard	companies the right to paid circulation on the price in cash, according to international norms should be included in the profit and loss.
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3. Key accounting data and financial indicators of the recent three years (Expressed in RMB yuan)

	Year 2010	Year2009		Increase or decrease from last year (%)	Year 2008
		Before adjust	After adjust		
Sale Profit	33,072,124,211.29	25,203,693,116.50	25,592,964,183.03	29.22%	13,375,458,430.72
Total profit	1,990,770,012.71	1,088,984,927.69	1,109,769,787.16	79.39%	34,027,294.89
Net profit attributed to listed company shareholder	2,026,986,470.02	1,078,458,922.72	1,120,706,384.17	80.87%	24,380,961.59
Net profit attributed to listed company shareholder except unusual loss and profit	2,050,073,311.48	1,134,955,026.94	1,161,894,011.02	76.44%	32,325,749.00
Net Cash flow for sales	2,695,075,970.03	2,912,353,593.29	3,187,175,337.26	-15.44%	484,837,706.86
Net Cash flow for per share	1.16	1.25	1.37	-15.33%	0.21
	End of 2010	End of 2009		Increase decrease from the end of last year (%)	End of 2008
		Before adjust	After adjust		
Total assets	30,456,426,127.88	24,471,416,861.89	25,249,370,053.21	20.62%	15,367,824,844.54
Owner's equity (for shareholder 's equity)	10,625,542,446.62	8,800,120,393.15	8,990,483,302.71	18.19%	7,596,524,812.96
Capital stock	2,325,657,615	2,334,022,848	2,334,022,848	-0.36%	2,334,022,848
Net per profit per share attributed to listed company shareholders	4.57	3.77	3.85	18.70%	3.25

Note: From May 31st, 2010, the company began acquisition of the controlling company-Chongqing Jinling Automobile Components Co., Ltd. According to "Enterprise Accounting Standards ", all parties involved into

the combination will be at the current state of existence when the final controlling party start to implemented control, the corresponding adjustment of the previous comparative statement shall be done.

4. According to NO. 9 Open Securities Company Information (revised in 2010) Disclosure by China Securities Supervisory Committee and Editing Rule in reporting period 2010 net profit rate of assets and profit per share (Expressed in RMB Yuan)

	Year 2010	Year2009		Increase or decrease from last year (%)	Year 2008
		Before adjust	After adjust		
Basic profit per share (Yuan per share)	0.87	0.46	0.48	81.25%	0.01
Diluted profit per share (Yuan per share)	0.87	0.46	0.48	81.25%	0.01
Earnings of per share capital with latest capital stock (Yuan per share)	0.75	-	-	-	-
Basic profit per share except of non-recurring profit and loss (Yuan per share)	0.88	0.49	0.50	76.00%	0.01
Weighted average return on net assets	20.67%	13.15%	13.63%	7.04	0.32%
Weighted average return on net assets except unusual profit and loss	20.90%	13.84%	14.32%	6.58	0.43%

Note: Approved by China Securities Regulatory Commission of new capital stock, the company issued 360,166,022 additional A shares during January 7th to January 11th, 2010. Capital stock amounted to 2,685,823,637 shares.

IV. Changes in Shareholdings and Information about Shareholders

1. Changes in shareholdings

(1). Changes in shareholdings (Unit:: share)

	Balance before current change		Addition and deduction (+, -) during change					Balance after current change	
	Quantity	Ratio	Addition ally issued	Bonus share	Transferred from accumulated fund	others	subtotal	Quantity	Ratio
I .Non-circulated shares	829,694,860	35.55%				-622,263,978	-622,263,978	207,430,882	8.92%
1、State-owned shares									
2、State-owned legal person shares	829,685,204	35.55%				-622,263,903	-622,263,903	207,421,301	8.92%
3、Other domestic holding shares									
including: domestic non-state legal person shares									
domestic natural person shares									
4、Foreign-hold shares									
including: foreign legal person shares									
4. foreign natural person shares									
Include: foreign legal person shares									
Foreign person shares									
5、Senior Management Shares	9,656	0.00%				-75	-75	9,581	0.00%
II .Circulated shares	1,495,962,755	64.09%				613,898,745	613,898,745	2,118,226,733	91.08%
1、Domestic listed RMB shares	899,527,988	38.54%				622,263,978	622,263,978	1,521,791,966	65.43%
2、Domestic listed foreign shares	596,434,767	25.55%						596,434,767	25.65%
3、Oversea listed foreign shares									
4、Others									
III. Stock share (B	8,365,233	0.36%				-8,365,233	-8,365,233		

share)									
IV. Total shares	2,334,022,848	100.00%				-8,365,233	-8,365,233	2,325,657,615	100.00%

Note: 1. During the reporting period, Non-circulated shares reduced, Circulated shares increased, the reason for that is because Non-circulated shares have been released; Non-circulated shares of Senior Management decreased and that because of unlock of Senior Management's Non-circulated shares due to their farewell.

2. During the reporting period, Stock share (B share) decreased for that the repurchase of b shares buy-back expires.

(2) .Listing schedule of non-circulated shares:

Shareholder's name	Non-circulated shares in early this year	Released non-circulated shares this year	Additional non-circulated shares this year	Non-circulated shares at the end of year	Reason of non circulation	Date of release
China Changan	829,685,204	622,263,903		207,421,301	promise of share split reform	June 21, 2010
Total	829,685,204	622,263,903		207,421,301	—	—

2. Issuing and Listing of Shares

(1) There is no Share issued in the three years up to the year of the report:

(2)The information about the Company's total share and the change during reporting period

According to the decision passed in the second temporary general shareholders meeting of 2009 held on March 3rd, 2009, the Company finished the approval procedures of B share re-buy and began to implement. Till March 3rd, 2010, the period of partially re-buy of domestic listed foreign shares (B shares) expired, the company finished implementation of re-buy B share plan. Re-buy of B shares accumulated to 8,365,233. On March 17th, 2010, the Company accomplished the write-off procedures at Shenzhen Branch of China Securities Registration and Clearing Co., Ltd.

3. Information about the shareholders

(1) The ten largest shareholders information

Unit: Share

Total number of shareholders		Totalled 233,812, of which 197, 242 was A share shareholders and 36,570 were B share shareholders.				
The ten largest shareholders						
Name of shareholders	Nature of Shareholders	Percentage of total shares	Shares held at the year-end	Non-circulated shares held at the year-end	Pledged/ Frozen shares	
CHINA CHANGAN AUTOMOBILE COMPANY LIMITED	State-owned legal person shares	45.71%	1,063,087,489	207,421,301	0	
DREYFUS PREMIER INVESTMENT	foreign legal	1.13%	26,292,615		Unknow	

FDS INC.-DREYFUS GREATER CHINA FD	person shares				n
Bank of Communications- Hu'an Stock strategy selection investment fund	domestic non-state legal person shares	0.85%	19,700,030		Unknown
BONJOUR CHINA FUND 2	foreign legal person shares	0.71%	16,568,176		Unknown
GUOTAIJUNAN SECURITIES(HONGKONG) LIMITED	foreign legal person shares	0.60%	13,974,103		Unknown
FTIF TEMPLETON BRIC FUND	foreign legal person shares	0.45%	10,455,108		Unknown
East Sea Securities-Bank of Communications-Dongfeng 5 collective assets management plan	domestic non-state legal person shares	0.44%	10,297,229		Unknown
Bank of China-Yifangda Shenzheng 100 exchange open index securities investment fund	domestic non-state legal person shares	0.41%	9,647,994		Unknown
JPMBLSA RE FTIF TEMPLETON CHINA FUND GTI 5497	foreign legal person shares	0.41%	9,615,280		Unknown
TEMPLETON CHINA WORLD FUND INC	foreign legal person shares	0.32%	7,507,924		Unknown

The ten largest circulated shareholders

Name of shareholders	Shares at the year end	Type of shares
CHINA CHANGAN AUTOMOBILE COMPANY LIMITED	855,666,188	RMB Ordinary share
DREYFUS PREMIER INVESTMENT FDS INC.-DREYFUS GREATER CHINA FD	26,292,615	Domestic listed foreign shares
Bank of Communications- Hu'an Stock strategy selection investment fund	19,700,030	RMB Ordinary share
BONJOUR CHINA FUND 2	16,568,176	Domestic listed foreign shares
GUOTAIJUNAN SECURITIES(HONGKONG) LIMITED	13,974,103	Domestic listed foreign shares
FTIF TEMPLETON BRIC FUND	10,455,108	Domestic listed foreign shares
East Sea Securities-Bank of Communications-Dongfeng 5 collective assets management plan	10,297,229	RMB Ordinary share
Bank of China-Yifangda Shenzheng 100 exchange open index	9,647,994	RMB Ordinary share

securities investment fund		
JPMBLSA RE FTIF TEMPLETON CHINA FUND GTI 5497	9,615,280	Domestic listed foreign shares
TEMPLETON CHINA WORLD FUND INC	7,507,924	Domestic listed foreign shares
Explanation on the relationship and the action alike of above shareholders	Among the largest ten share holders, the state-owned legal person shareholder CHINA CHANGAN AUTOMOBILE COMPANY LIMITED had no relationship with other share holders, and nor was the party who agreed to act alike as stipulated in Administrative Measures on Information Disclosure Concerning Changes in Shareholdings of Listed Companies. The company did not know whether there was relationship among the large ten circulated shareholders , and nor knew whether they were the parties who agreed to act alike as stipulated in Administrative Measures on Information Disclosure Concerning Changes in Shareholdings of Listed Companies.	

(2) The controlling shareholder

Controlling shareholder: CHINA CHANGAN AUTOMOBILE COMPANY LIMITED

Legal representative: Xu Liuping

Date of establishment: Dec 26th, 2005

Registered capital: RMB 4,582,373,700 yuan

Business scope and major products: design, development, manufacture and sales of automobile & motorcycle, automobile & motorcycle engine, automotive and motor cycle components & parts; sales of optical products, electronic and photoelectron products, night-time vision device, information and communication equipment; technical development, technical transfer, technical consultation, technical training, and other technical service relative with the operation mentioned above; imports and exports; merge and acquisition and consultation of assets restructuring.

(3) The controlling shareholder of the Company

The controlling shareholder of the Company: South Industries Group Corp.

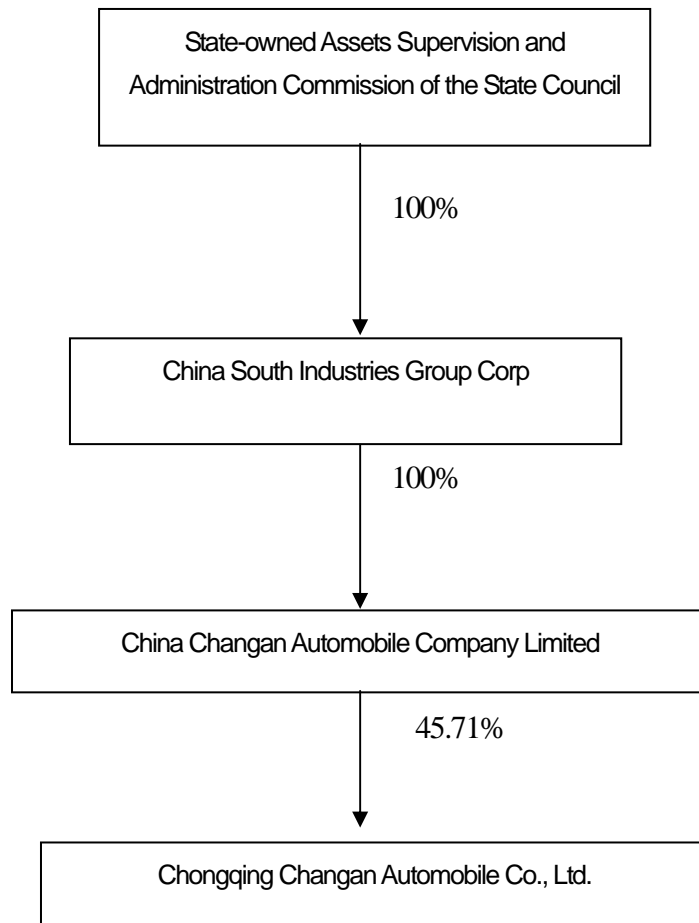
Legal representative: Xu Bin

Date of establishment: June 29, 1999

Registered capital: RMB 12,645,210,000 yuan

Business scope and major products: investment and management of state-owned assets; manufacturing of guns and firearms; engineering prospecting, designing, construction, contracting, construction supervision; equipment installation, etc.

(4) Relationship among the Company and its controlling shareholders:



V. Information about Directors, Supervisors, Senior Management and Employees

1. Information about directors, supervisors and senior management

Name	Position	Gender	Age	Term of office	Shares held at year-beginning	Shares held at year-end	Reasons for change
Xu Liuping	Chairman	M.	46	2009.05-2012.05	0	0	
Zou Wenchao	Director	M.	47	2009.05-2012.05	0	0	
Zhang Baolin	Director, General manager	M.	48	2009.05-2012.05	0	0	
Wang Xiaoxiang	Director	M.	37	2009.05-2012.05	0	0	
Lian Gang	Director	M.	50	2010.03-2012.05	0	0	
Zhu Huarong	Director, Deputy General Manager	M	44	2009.05-2012.05	0	0	
Wang Chongsheng	Director, Deputy General Manager	M.	52	2009.05-2012.05	9,581	9,581	
Ma Jun	Director, Deputy General Manager	M.	51	2009.05-2012.05	0	0	
Cui Yunjiang	Director, Deputy General Manager, Board Secretary	M	47	2009.05-2012.05	0	0	
Ma Junpo	Director	M.		2010.03-2012.05	0	0	
Ouyang Minggao	Independent Director	M.	52	2009.05-2012.05	0	0	
Dong Yang	Independent Director	M.	54	2009.05-2012.05	0	0	
Chen Zhong	Independent Director	M	54	2009.05-2012.05	0	0	
Wang Zhixiong	Independent Director	M.	52	2009.05-2012.05	0	0	
Peng Shaobing	Independent Director	M.	47	2009.05-2012.05	0	0	
Yang Jian	Supervisor	M.	46	2010.03-2012.05	0	0	
Cai Yong	Supervisor	M	37	2009.05-2012.05	0	0	
Zhang	Supervisor	F	44	2009.05-2012.05	0	0	

Jingjing							
Chen Lingtao	Supervisor	F	41	2010.12-2012.05	0	0	
Wang Lijun	Supervisor	F.	40	2009.05-2012.05	0	0	
Liu Hong	Supervisor	F	40	2011.03-2012.05	0	0	
Ying Zhanwang	Deputy General Manager	M.	51	2009.05-2012.05	0	0	
Huang Zhongqiang	Deputy General Manager	M.	41	2009.05-2012.05	0	0	
Ren Qiang	Deputy General Manager	M.	50	2009.05-2012.05	3,194	3,194	
Song Jia	Deputy General Manager	M.	45	2009.05-2012.05	0	0	
Luo Minggang	Deputy General Manager	M.	47	2009.05-2012.05	0	0	
Du Yi	Deputy General Manager	M.	43	2010.02-2012.05	0	0	
Li Jun	Board Secretary	F.	41	2009.05-2012.05	0	0	

Positions of the Directors and Supervisors in the shareholder companies are as below:

Name	Shareholder Company	Position	Term of office
Xu Liuping	China Changan Automobile Company Limited	Director, President, Secretary of CPC committee	2010.01-2013.01
Zou Wenchao	China Changan Automobile Company Limited	Director, Vice President,	2010.01-2013.01
Zhang Baolin	China Changan Automobile Company Limited	Director, Deputy Secretary of CPC committee	2010.01-2013.01
Wang Xiaoxiang	China Changan Automobile Company Limited	Vice President	2010.01-2013.01
Lian Gang	China Changan Automobile Company Limited	Vice President	2010.01-2013.01
Ma Junpo	China Changan Automobile Company Limited	General manager of strategy department	2010.01-2013.01
Yang Jian	China Changan Automobile Company Limited	Deputy Secretary of CPC committee	2010.01-2013.01

2. Major work experiences and positions of the Directors, Supervisors and the senior management: in entities other than the shareholder company

(1) Directors

Mr. Xu Liuping, Board Chairman, born in 1964. With a doctor's degree, he is a senior researcher-level engineer. He currently holds the positions of Deputy General Manager, Member of the Party Committee of China South Industries Group Corp, and Director, President and Secretary of the Party Committee of China Changan Automobile Co, Ltd. He used to Vice Director of Planning department, Director of Automobile department and Assistant of General manager in China South Industries Group Corp, and was President and Secretary of the Party Committee of CAC.

Mr. Zou Wenchao, Director, born in 1963. He has a Master's Degree in Engineering, is a senior engineer. Now he is the director of CCAG and vice president. He is one of the directors and vice president of China Changan Automobile Co., Ltd., he used to serve as Vice Director of Workshop No.22 and Vice Director of Vehicle Development Institute in Jiangling Machinery Factory, Vice Director of Planning Department of Automobile Bureau in China Industries Company, Section Chief and Vice Director of Planning Department, Assistant to General Manager, Vice President of CAC and Secretary of Party Branch Committee. He is also the executive vice president of Changan Ford Mazda Automobile Co.

Mr. Zhang Baolin, Director and General Manager, born in 1962, he has obtained a postgraduate degree, a senior economist and senior political & ideological worker. He used to work as Vice Secretary and Secretary of the League Committee of the South-west Industries Bureau in China Industries Company, Secretary of the Party Committee of Chongqing Changfeng Machinery Factory, Senior Deputy General Manager and General Manager of Chengdu Wanyou Company, Director and Vice President of CAC, Deputy Executive General Manager of the Company.

Mr. Wang Xiaoxiang, Director, born in 1973, he has obtained a master degree of the international accounting. He used to work as vice director of the financial accounting management section, the director of the general accounting section, and the director of the budget section of the financial audit department of China South Industries Group Co. the assistant to the president of CAC, the vice director of financial affairs department of China South Industries Group Co.. He is now the director, vice president and manager of the financial accounting department of China Changan Automobile Co., Ltd.,

Mr. Lian Gang, Director, born in 1960, he has obtained a master degree and Senior engineer of researcher's grade. He is now the vice president of China Changan Automobile Co., Ltd., And he was a deputy general manager of Dongan Auto. Engine Co., Ltd.; deputy general manager of Dongan Group; deputy general manager of Harbin Aircraft Industry (Group) Co., Ltd; Chairman and General Manager of Dongan mitsubishi, Chairman and General Manager of Hafei Auto. Group; Vice team leader of preparation team for Aviation Industry Corp. of China; Secretary of sub-CPC and deputy general manager of Aviation Industry Corp. of China

Mr. Zhu Huarong, Director, CPC secretary, Deputy General Manager and the director of the Changan Automobile Engineering Institute, was born in 1965. He has master's degree in engineering and is a senior professor-level engineer. He used to be Vice Director of the Engine Research Institute of Jiangling Machinery Factory, Vice Director of Technical Department of CAC, Chief Engineer of the Automobile Manufacturing Factory of the Company, Assistant to president, Director of Technical

Center, Director of Technology Committee, Director of the Board and Vice President of CAC.

Mr. Wang Chongsheng, Director, Deputy General Manager, was born in 1958. He is a senior economist with post-graduate qualifications. He used to be Secretary of the League Committee of Changan Machinery Factory, Vice Secretary of the Party Committee and Secretary of the Discipline Committee of 5023 Factory, Head of Marketing Department of the Automobile Bureau in China Industries Company, Director of the General Manager's Office, Vice president and Vice CPC secretary of CAC.

Mr. Ma Jun, Director and Deputy General Manager, born in 1959. He has obtained master's degree in engineering and is a senior engineer. He used to be Vice Head of the Technical Department of Changan Machinery Factory, Head of the Technical Department Two, Head of the Standardized Information Department, Vice Director of the General Administration Office, Assistant to President, Director of the General Administration Office, Deputy Director and Director of the Information Center of CAC, Director of the Information Center and the vice president of CAC

Mr. Cui Yunjiang, Director, Deputy General Manager, Board Secretary and Chief of Finance Department, was born in 1963. He has obtained master's degree and is a senior accountant. He used to be Vice Director of the Finance Department of Changan Machinery Factory, Director of the Finance Department of Changan Suzuki Automobile Company, Director of the Securities Department, and Director of Finance Department of the company.

Mr. Ma Junpo, Director, born in 1966, master's degree, senior engineer. Now is the general manager of the development strategy department of China Changan Automobile Co., Ltd.. Served as Deputy Director and director of Development Planning department of China South Industries Automobile Co., Ltd., and was the vice president of the development strategies department of China South Industries Automobile Corporation.

Mr. Ouyang Minggao, independent director, born in 1958, he is the special employed professor of the Ministry of Education, the dean, professor and the doctoral tutor of the Automobile Engineering department of the Tsinghua University, the Director of Automotive Safety and Energy Conservation National key Laboratory, the director of Beijing Tsinghua energy-saving and new energy Automotive Engineering Center, The Standing Committee of the Chinese Political Consultative Conference, the overall team leader of the major projects of the National "863" Project on Energy-saving and new energy automobiles, the expert of the overall group of the National "Tenth Five-Year" 863 <Electric Vehicles> major special project, the overall Team Leader and Project Leader of the "Fuel cell city bus" project., and the independent director of ShangCai Co., Ltd.

Mr. Dong Yang, an independent director, born in 1956, engineering master's degree, senior engineer, currently he is the executive vice president and G.S. of China Association of Automobile Manufacturers; Director-General of China Society of Automotive Engineers, deputy standing director of Machinery Industry Federation; qualification evaluation expert of the National Science and Technology Award assessors. And he served as a deputy director of Industry Management Department under State Administration of Machinery Industry Bureau; General Manager and deputy party secretary of Beijing Automotive Industry Holding Co., Ltd, who presided over the formulation of "85", "95" science and technology planning for national automobile industry; authored "the long-term scientific and technological development program for automobile industry", which incorporated into the national science and technology "White Paper"; he took charge of the National Scientific and Technological

Projects, the National Automotive Electronics Technology Project and the formation of UAES, electric vehicles and vehicle development projects, and participated in the WTO negotiations.

Mr. Chen Zhong, independent director, born in 1956, he is a financial doctor and researcher. He was once the deputy director and director of the research department of the original Chinese Enterprise Management Association, the Secretary-General (legal representative) of the Chinese enterprise management Science Foundation, executive vice president, deputy party secretary, executive director of the China Enterprise Confederation, the Deputy Secretary-General and the party member (to assist in charge of finance, project work plans and prior project) of Chongqing Municipal Government. He is now the Chairman of New Century Fund Management Co., Ltd. His Main part-time positions are as follows: the member of the Management Department's Accreditation Board of National Natural Science Foundation, the Vice-President of Chinese Young Entrepreneurs Association, the part-time professor of Jilin University and Beijing Technology and Business University, the independent director of Zhongshengdongli and Chongqing Beer Company.

Mr. Wang Zhixiong, independent director, born in 1958, he is a graduate of the law major. It has been 25 years since he began to work as a full-time lawyer. He had being worked in citic law firm from October, 1985 to March, 1996, mainly engage in the law practice related to the foreign-related economic, investment, securities and financial affairs. He joined the Beijing Tongshang law firm as the partner in April, 1996 and worked as the partner of Beijing Junhe law firm in March, 2002. He got the eligible qualification of securities law service in 1993, participated in the law practice of dozens of enterprises, joint-stock transformation, stock issuance and listing. He had once served as the independent director of the Jiangsuwuzhong, Mr. Wang Zhixiong is mainly engaged in the law affairs related to finance, securities, company law, foreign investment, corporate mergers and acquisitions.

Mr. Peng Shaobing, independent director, born in 1964, he has obtained the doctor's degree in economics and is a professor and a doctoral guide. He is now the director of the accounting institute of the South Western University of Finance and Economics, the member of the Chinese Accounting Association, the standing member of the education branch of the Chinese Accounting Association, a committee member of the education and training committee of Chinese Institute of Certified Public Accountants Association, the consultative expert of the enterprise internal control standards committee of the Ministry of Finance. Mr. Peng Shaobing has being engaged in the scientific research and teaching work related to the financial accounting and financial management for a long time, his main research areas are as follows: accounting standards and systems, financial reporting and analysis, capital markets and corporate governance, corporate finance and fund management, state-owned capital operation and management, financial risk control and management.

(2) Supervisors

Mr. Yang Jian, supervisor, born in 1964, master's degree, senior engineer. Currently he is the eputy party secretary of China Changan Automobile Group Co., Ltd. He served as the deputy director of No.59 Institute of China Ordnance Industry, Party Secretary and secretary of of No.59 Institute of China Ordnance Industry; General Manager of Human Resources Department of China South IndustriesAutomobile Corporation.

Mr. Cai Yong, supervisor, born in 1973, master's graduate students, senior engineer. Currently he serves as the Assistant to General Manager and the Director of joint venture and cooperation management department. He served as the Deputy Director of the Secretariat under Company Office,

the Director of Development & Planning Division under Development & Planning department; the Deputy Director and Director of Development & Planning department.

Miss Zhang Jingjing, supervisor, born in 1966, Graduate, senior engineer of researcher's grade. She is now the Director of the Human Resources Department of the Company. She was the Director, Deputy Director, Deputy Chief Engineer of technology department under Changan Machine Manufacturing Plant; the Deputy Director of Development & Planning Department; the deputy director of Science and Technology & the Deputy Director of the Company Office; the Deputy Director of Project Management Office.

Miss Chen Lintao, supervisor, born in 1969, graduated from university, accountant. She is now the vice secretary of discipline Inspection Commission of company, director of audit department and risk management office, she served as the vice director of financial department and director of financial office.

Miss Wang Lijun, supervisor, born in 1970, graduate and senior engineer. She currently is the vice president of Automotive Engineering Research Institute. She served as Deputy Director of automotive manufacturing technology department, Deputy Director, the Director and branch deputy secretary of product improvement department under Automotive Engineering Research Institute, the director of commercial vehicle design department, the deputy director of vehicle development department No.4 under the Institute of Automotive Engineering.

Mr. Liu Hong, supervisors, born in 1959, Graduate from university. senior political engineer. She currently is the vice chairman of labour union of company. She served as the vice director of the HR department, Vice secretary of CPC of Jiangbei factory, vice director of Jiangbei factory.

(3) Senior Management other than Directors and Supervisors:

Mr. Ying Zhanwang, born in 1959, Deputy General Manager, Vice President of Changan Ford Mazda Automobile Company, and General Manager of Plant Two of Changan Ford Mazda Automobile Company. Born in 1959, he has a Master's Degree in Engineering, a senior researcher-level engineer. He used to serve as an engineer of the Engine Plant in Nanjing Automobile Manufacturing Plant, Chief of Technology Office of Technology Institute in Changan Machinery Plant, Vice Director of Technology Institute Two, Vice Director of Technical Department, Director of Planning Department, Assistant to President, Vice President of CAC.

Mr. Huang Zhongqiang, born in 1968, Deputy General Manager of the Company and Deputy General Manager of Changan Suzuki Automobile Company, was born in 1968 and has a master's degree in engineering. He is a senior engineer and used to be Vice Director and Director of the General Manager's Office of CAC, Director of the Quality Control Department, Assistant to President, and Vice President of Chongqing Changan Suzuki Auto. Co.LTD.

Mr. Song Jia, senior Deputy General Manager, and General Manager of Changan Automobile Sales Company, was born in 1965. He has a Master's Degree in Engineering, is a senior researcher-level engineer. He used to serve as Vice Director of Civil Products Institute, Vice Chief Engineer, Director of Automobile Institute, and Deputy Manager of Changjiang Electronics Plant, Deputy General Manager of Changan Automobile Sales Company, General Manager of Hebei Changan Company, Assistant to President, and Vice President of CAC.

Mr. Ren Qiang, Deputy General Manager, was born in 1960. He has a Master's Degree in Engineering, is a senior research-level engineer. He used to serve as Vice Secretary of the Youth League

Committee of the No.2 Textile Machinery Plant at Shaoyang City, Hunan Province, Vice Chief of Non-standard Product Design Office and Vice Director of General Design Institute of Changan Machinery Plant, Vice Director of Construction Institute, Vice Director and Director of Development Planning Department of CAC, and Assistant to President of CAC, General Manager of Changan Jinling Parts Company, and Vice President of CAC, executive Vice President of Jiangling Holding Co.,

Mr. Luo Minggang, Deputy General Manager, was born in 1963. He has a Master's Degree in Engineering, is a senior researcher-level engineer. He used to serve as Vice Director of Workshop No.26, and Director of Technology Department of Jiangling Machinery Plant, Director of No.1 Technology Institute of CAC, Director of Engine Technology Department and Vice Chief Engineer of Automobile Manufacturing Factory, Vice Director of Technical Center, Deputy Manager of Engine Manufacturing Factory, Deputy Manager and Chief Engineer of Automobile Manufacturing Factory, Vice Director of Changan Automotive Engineering Institute, Assistant to President of CAC.

Mr. Du Yi, Deputy General Manager. Born in 1967, master, senior engineer. Dongdongli former vice president, executive vice president, Hafei Automobile Industry Group Co., Ltd. Deputy General Manager, Vice President and General Manager of shares of the company, Hafei Automobile Industry Group Co., Ltd., chairman, general manager, deputy party secretary. Ms. Li Jun, Secretary of the Board and Head of the Capital Operations Department of the Company, was born in 1969. She is a graduate, and obtained MBA degree and the title of Senior Accountant. She used to be Vice Head of the Securities Investment Division of the Company's Finance Department.

Miss Li Jun, the secretary of BOD and vice director of financial department, was born in 1969, graduated from university, master's degree, senior accountant. She served the vice director of security investment office, director of capital operation office of financial department

3. Annual Remuneration

In 2010, the annual remuneration for the directors, supervisors and senior management had been duly paid by month according to the relevant policy on management salary and by ranks and grades set by China South Industries Group.

Name	Position	2010 annual
Zhang Baolin	Director, General Manager	63.35
Zhu Huarong	Director, secretary of CPC	60.93
Wang Chongsheng	Director, Deputy general manager	57.63
Ma Jun	Director, Deputy general manager	56.05
Cui Yunjiang	Director, Deputy General Manager, and Board	55.23
Ouyang Minggao	Independent director	6.00
Dong Yang	Independent director	6.00
Chen Zhong	Independent director	6.00
Wang Zhixiong	Independent director	6.00
Peng Shaobing	Independent director	6.00

Cai Yong	Supervisor	22.89
Zhang Jingjing	Supervisor	20.68
Chen Lingtao	Supervisor	19.78
Wang Lijun	Superviso	16.68
Liu Hong	Superviso	19.50
Ying Zhanwang	Deputy General Manager	53.44
Huang Zhongqiang	Deputy General Manager	54.90
Ren Qiang	Deputy General Manager	50.47
Song Jia	Deputy General Manager	62.37
Luo Minggang	Deputy General Manager	57.86
Du Yi	Deputy General Manager	25.87
合计 Total		727.63

Remuneration for independent directors was RMB 60,000 yuan (tax included) per person per year. Expenses incurred because of executing responsibilities in connection with the Company's Article of Association and in attending board of directors meetings and shareholders' general meetings and were reimbursed by the Company.

During the reporting period, Chairman Xu Luping, Director Zou Wenchao, Wang Xiaoxiang Lian Gang, Ma Junpo get remuneration from shareholders' company and related company.

4. During the reporting period, information on the change of directors, supervisors, and senior managers

1)、 Mr. Deng Zhiyou, Zhao Luchuan were no longer the directors due to the work arrangement through a vote-taking and common agreement on the 9th meeting of the fifth-session Board of Director's on Feb. 9th 2010, elected Mr. Lian Gang, Mr. Ma Junpo as the directors. While Mr. Zou Wenchao, Mr. Wu Xuesong were no longer the vice general manager due to the work arrangement, elected Mr. Duyi as the vice president nominated by the President.

2)、 Mr. Liu Zhiyan was no longer the supervisors due to the work arrangement through a vote-taking and common agreement on the 9th meeting of the fifth-session supervisors meeting on Feb. 9th 2010, elected Mr. Yang Jian as the supervisor.

3)、 Mr. Hua Zhanbiao was no longer the employees' supervisors due to the work change in Dec, 2010. According to the relevant law and The Articles of Association of Companies, and Miss Chen Lingtao was elected as the employee supervisors of fifth supervisor through the employees' representative conference. The term will be ended upon the end of fifth session of Board of supervisors.

The matters after the reporting period:

Mr. Shen Mingquan was no longer the employees supervisor due to the age in Mar,2011. According to the relevant rule and The Articles of Association of Companies, elected Mr. Liu Hong as the employees supervisors of fifth session through the employees representative conference until the end of fifth session of Board of supervisors.

Mr. Fu Liping was no longer as the supervisor after taking a vote and passing through the 11 session of the Board of supervisors fifth meeting on 14, Apr, 2011, and Mr. Shi Jingtang was elected as the supervisors, The term will be ended upon the end of fifth session of Board of supervisors.

5. The Employees of the Company

By the end of this year, total headcount of the Company was 12,230, including 4,872 production workers, 1,127 salesmen, 4,007 engineers, 217 finance staff, 1,971 administrative staff, and 36 others. Among the total, there were 48 with doctorate degree, 462 with master degree, 5,728 with bachelor degree, and 24,299 with college education.

The Company also shall bear the expenditure for 3,101 retired employees.

VI Corporate Governance

1. Corporate Governance

The Company has been strictly complying with the relevant laws and regulations, including the Company Law, the Securities Law, the Regulations for the Governance of Listed Companies, the Regulations for Information Disclosure of Listed Companies, the Regulations for Stock Listing in Shenzhen stock exchange, the Guidelines for Internal Control Listed Companies' in Shenzhen stock exchange and continuously improving the corporate governance structure of the Company, adopting modern best practices and standardizing the management and operations of the Company. The Company drew up and executed a series of disciplines, including Articles of Association, Regulations on Shareholders' general meeting, Regulations on Board of Directors, Regulations on Board of Supervisors, Regulations on Guarantee, Management Regulations on Investment Relationship and regulations on Information Disclose. Constantly improved the corporate governance structure and standardized the operation.

During report period, according to the demands of CSRC and SZSE ,company finished all system, stipulated all department function, improve operation running idea; while, with shareholder and fact control person actively settle all reserve problems.

(一)During report period, Company made the 《Exterior informantion send and using management program》 , 《Application and Management Procedure and Responsibility Tracking System for Information Disclosure Error in Annual Report》 , and modified 《Collected Capital Management System》 . In accordance with Determination on Modifying Provision on Cash Bonus of Listed Company (Zhengjianhui No. 57) by China Securities Regulatory Commission, the Company edited the policy of cash bonus in the regulations, which was submitted for approval during the Ninth Session of the Fifth BOD on February 9th, 2010 and was passed, thus further regulating Company's information disclosure and safeguarding benefit of investors

(二)During reporting period, to improve the management of Company and improve the inner audit, increase the inner audit independence, the 17th session of fifth BOD hold on 22,Nov,2010 to modify the 《 Audit committee work detailed rules》 ,on which stipulated:" Audit committee set one secretary, this secretary will be occupied by Director of audit department" , the audit department is belong to the audit department, responsible for the daily work and organize meeting and other issues entrusted by audit committee, the daily work of department of audit will be responsible by Director of audit department" That' s the department of audit will report to BOD(audit committee), the formal audit team instead by audit department, improve the inner audit independency.

(三)During reporting period, stipulate the competition, reduce the deal of affiliate

1) Solve the problems of competition of Baoding Changan Bus and Changan Kuayue

Company's actual controller, South industry's underling companies, Baoding Changan bus and Changan Kuayue engage the automobile industry. On 9th, Mar, 2010, South Industry issued << commitments to avoid industry competition >>, so as to avoid the further potential industry competition and support the development of Changan Auto., the commitment is "if Changan have a mind to purchase Baoding Changan Bus or Changan Kuayue under our company, our company agrees to promote our underling companies to sale to Changan in fair price"

According to the demands of the Company's business, on 28, Feb, 2011, 18th meeting of fifth

session of the BOD been hold and passed the proposal of acquisition of the equity of Baoding Changan Bus and Changan Kuayue (bulletin No: 2011-15). After the finish of the acquisition, potential industry competition can be completely solved, the company's operation level can be improved, and it can the development of Changan commercial car and is conducive to the interests of all shareholders.

2) The major measures to solve the problem of same trade competition with the controlling shareholder CACG

Changhe Automobile and Hafei Group under Company's controlling shareholder CACG, engage the production and sales of the passenger car and minivan, certain industry competition with the Company are existed, on 9th Jul, 2010, CCAG signed the <<JV business contract>> with France PSA which formal cooperated with Hafei Group , both parties will build the new JV car company. The above mentioned industry competition has been formed because of State Auto Industry Reconstruction.

On 9th, Mar, 2010, Company control shareholder CCAG issued<< Concerning reduce and avoid the same trade competition promises letter>>, promised: "it will be fair, justness and reasonable, under the Changhe Qiche and HaQi Group business improve, the CHanghe and Haqi Group will become the member of Changan Auto.by the method of investors and supervisor government to solve the problem of same trade competition". While, to reduce the disadvantage of same trade of competition, CCAG demands the above two company will complete and promote the capability , optimize the sale market and optimize the brand management to increase the company benefit

On 14th, Jul.2010, CCAG issued<< Concerning the Changhe Qiche and Haqi Group become the member of Changan promises letter>>, promised" Under the condition of Changhe and Haqi Group continuously two years profit, and the management clearly promotion, suggestion this two company will be the member of Changan so that can cancel the above competition", while issue <<CCAG concerning the JV company be the member of Chanan promises letter>>, promises: " When the JV project finished and launched, suggest the all shareholder of JV transfer to Changan". ALL this above information is in<<Concerning bulletin of control shareholder avoid same trade competition>>(Bulletin No:2010-40)

3) Purchase control shareholder equity of Chongqing Changan Jinling auto. Component Company Changan Jinling is the main supplier of Changan, the main parts of Changan brand big covering parts, door and side parts and some structure parts of JV company of Changan. Before purchase, CCAG has the 97.1% equity. On 9th, Feb.2010, approval<< Concerning purchase Changan Jinling equity proposal>> by 9th session of 5th, BOD, Company purchased 97.1% equity of Jinling, on may the financial form of Jinling is become the parts of Chnagan. After purchase, the advantage is strength the management and control the parts quality and recuce the cost, while can reduce the affiliate deal , increase the company benefit.

4) Concerning the trade mark transfer with affiliate Changan Industry

Company and former control shareholder Changan Auto.(Group) Co.Ltd(before 2005 is the company control shareholder, later changed the name Chongqing Changan Industry (Group) Co. Ltd, hereinafter"Changan Industry") due to the histry, the trademark affiliate trade, this belongs to the issue of regroup

In order to improve the company capital completion and reduce affiliate deal, Changan Industry issued<< Concerning "Changan"etc. trademark transfer to Chongqing Changan Auto.CO. LTD promises letter>> on 2nd, Jun.2010, promised Company is the unique assignee, and actively discuss the transfer trademark. On 4th, Aug.2010, the 14th. Session meeting of 5th. BOD approval <<Concerning

transfer trademark proposal with Changan Industry>.(bulletin no:2010-35), stipulated the clear promise in the intent proposal , and promise all above procedure will be finished before 30, Jun.2011. On 2nd.Sep,2010, Company signed with Changan Industry <<Trademark transfer agreement>>, complementary promise, transfer trademark price between RMB 150M-200M , the relevant bulletin issued by Company(bulleti No:2010-39)

On 14th Apri, 2011, 19th session of 5th BOD approval the proposal of trade mark transfer(bullet in :2011-20), according to the formal trademark transfer contract signed by both parties, fixed the total price is RMB175M, by the end of this report disclose date, the relevant trademark transfer procedure is transacting. After finished the transfer trademark, the trademark usage fee will be eliminated between Company and Changan Industry. It can be conducive to the integrity and independent of assets, further promote the brand strategy

At present, Company in fact management meet the demands of <<listed company management rule>> and the CSRC, company will continuously improve the management and solve the existed problems, promote the company stable and healthy development, to protect all shareholder benefits

2、Independent Directors Working System Founding Perfecting and Independent Directors Execution

(一)Independent Directors Working System Founding Perfecting and Independent Directors Execution

According to the relevant stipulation of <<Concerning guide to built the independent directors on listed company>>issued by CSRC, company separately approval<<Independent directors work system>>, <<Independent directors annals working system>> on 9th session of 4th. BOD and 16th session of 4th. BOD, the number of independent directors and title are met the all demands of CSRC. All systems has been efficient executed

(二)The Independent Directors

(1)There are 5 Independent Directors of Board in the Company, which is in accordance with relevant regulations by the China Securities Regulatory Commission. Since their appointment the independent directors of the Board have been honest, diligent and industrious in actively comprehending operation of the Company, fulfilling their duties and expressed independent opinions on investment, related party transactions, remuneration incentives and other significant decision-making in accordance with Guidance Instruction for Regulation on Independent Directors, thus contributing to the improvement in the corporate governance of the Company, the decision-making mechanism of the Company and the safeguard of the Company's interest, especially of the minority shareholders' interests. The independent directors also made contributions to management level in Company.

(2) Independent Directors' Attendance of the Board Meetings during reporting period:

Name of Independent director	Times of Attendance Required	Times of Attendance in Person	Times of Entrusted Attendance	Times of Absence	Remarks
Mr.Ouyang minggao	9	9	0	0	
Mr.Dong Yang	9	8	0	1	
Mr. Chen Zhong	9	9	0	0	

Mr.Wang Zhixiong	9	9	0	0	
Mr. Peng Shaobing	9	9	0	0	

(3) Negative opinions regarding the Company's issues raised by the Independent Directors

In the reporting period, no negative opinion regarding the Company's issues is raised by the Independent Directors.

3、 Financial report inner control system built and operation

According to the documentation of CSRC 《Enterprise inner control basically criterion》 ,SZSE 《 Listed company inner control directio》 and a lot of stipulation of company accountant system, accountant law , tax law and economic law, Company has built the complete financial system and financial inner control system. Company strictly execute 《Enterprise accountant guide line》 , and according to the character of company to built and complete the financial system, built the accountant basically management, financial authourized, currency capital management, collect capital , purchase and pay, fixed capital , under the construction engineering, accountant policy , accountant estimation , forming make, cost system and process, intevertory management and process, financial analyse system ensure the company financial and accountant information quality

During reporting period, Company neither find serious accountant error , important miss information complementarity and business forecast modification during information disclosing , nor punished by CSRC and SZSE

4、 Company inner control built , complete and running

Company strictly obey<<Company Law>>,<<Securities Law>> and demands of relevant law and regulation of CSRC, the feasible inner control system and complete legal person has been formed. There are three level responsibility system inside company, each business department is responsible for inside; IT department is responsible for inner control daily management and maintain, the audit department is responsible for inner control supervisor and audit

During reporting period, Company updated<< Audit committee work detail>>, stipulated audit department is under the audit committee, improve the inner independent of audit, while, in order to emphasis the risk management , audit department set the risk management office, which is responsible for the company risk management system, audit the company risk management regullary . Estimated the company business patiential risk and track appraise company risk management effective to improve the company risk keep away ability an operation ability

During report period, company finished business standard factory management module, optimized the process , organized departments evaluation strategy, business, market, financial and law, built the relevant risk management and solve proposal, finished to inspect for company big important risk, while finished the appliance of ERP system, purchase management system, engineering etc inner control audit, and estimated effective of inner control , promoted the company inner control system completion and effective performance

<<Changan Automobile Self-Assessment for Internal Control Reports >>was approved on the company 19 meeting of the 5th Board of Directors. The Board of Directors view: based on the actual situation and management needs, the Company set up a complete sound and reasonable internal control system that ran through the company to operate at all levels of activity and the aspect and was effectively

implemented. Under the Basic Norms of Companies' Internal Control, internal control guidelines for listed companies issued by the Shenzhen Stock Exchange, the Company in December 31, 2008 maintained an effective internal control related to the financial statements in all important respects.

5、 Independent directors' opinion on the Company's self-assessment for internal control

Independent directors opinion:, the Company regards "Internal Control System" as the core to develop and perfect a series of internal management system. The company has a more robust and perfect internal control system, its business control system, accounting control system, information control systems, information transmission control systems, internal audit control system more complete and rigorous. The strict, full and effective internal control for the subsidiary, related party transactions, external warranty, funds raising utilization, major investment and the information disclosure ensures the company's operation and management normal, reasonable, integral and effective.

The internal control system refinement and perfection for every aspect is in line with China's relevant laws, regulations and regulatory requirements; self-assessment of internal control in line with the actual internal control of the Company.

6、 The 5 Independent Departments of the Company from its Shareholders

The Company is totally independent from the shareholders in operation, assets, staffs, organization and finance. Regarding business the main business scope of the Company includes the development, manufacture and sale of automobiles, engines and of the related automotive parts. The main business has been approved by government authorities and the Company does not rely on any other entity. The Company has the technology system, production system and sales system suited to its business scope, and can undertake the operations independently. Regarding assets, the Company has necessary fixed assets, current assets, intangible assets and the related functional departments to meet its operation needs, and has constituted a complete system. Regarding the staff, the Company signed employment contracts with the employees registered on the list. It takes charge of the employees' performance and personnel management, and the Company grants salary, pension, housing accumulation fund and other welfare for the employees independently. Regarding organization, each division and department of the Company are independent from the controlling shareholders and exercise their rights in accordance with the relevant regulations and laws. Regarding finance, the Company has its own independent financial department, establishes independent accounting system and financial management system.

7、 Establishing and Implementing Performance Evaluation System, Incentive System and Related Rewarding System for the Senior Management

(一) Performance evaluation system

According to the performance evaluation management system of the Company, the Board is responsible for reviewing the performance of the General Manager and other senior management. The performance review combines periodic and regular reviews, as well as quantitative and qualitative reviews.

(二) Incentive system

The income of senior management comprises basic salary and performance-related pay. Performance-related pay links up with performance reviews.

(三)Regulating system

The Company has signed Employment Contracts with the senior management, and regulates the power exercise, the power limitations, duties & responsibilities of the senior management.

(四)The establishment and implementation of the incentive system

The plan of incentive fund appropriation was discussed and passed in 2004 Annual General Shareholders' Meeting of the Company: taking the audited net profit return of the prior year reaching 10% as starting point and the prior year's audited consolidated net profit as appropriated base. The board will appropriate incentive fund according to the ratio of defined prior-year consolidated net profit when prior-year net profit return r on Shareholders' Equity each over 10%. No such fund is appropriated when the net profit Return on Shareholders' Equity is below 10%.

Up to now, the remaining amount is RMB1,722.69 ten thousand yuan.

VII. Shareholders' general meeting

1. The Board of Directors announced 2010 First Session of Shareholders' General Meeting through China Securities, Securities Daily and Hong Kong Business on February 11th, 2010. This meeting adopted on-site vote and on-line vote. The meeting was held at 14:00 on March 8th, 2010 at multimedia meeting room in Science and Technology Building, Changan headquarters, while on-line vote was during March 7th to March 8th, 2010. The meeting resolutions were announced on China Securities, Securities Daily and Hong Kong Business on March 9th, 2010.
2. The Board of Directors announced the 2009 General Shareholders' Meeting on April 3rd, 2010 through China Securities, Securities Daily and Hong Kong Business. The meeting was held on April 26, 2010 at multimedia meeting room in Science and Technology Building, Changan headquarters. The meeting resolutions were announced on China Securities, Securities Daily and Hong Kong Business on April 27, 2010.
3. The Board of Directors announced 2010 second temporary General Shareholders' Meeting on November 23 through China Securities, Securities Daily and Hong Kong Business. The meeting was held on December 9th, 2010 at multimedia meeting room in Science and Technology Building, Changan headquarters. The meeting resolutions were announced on China Securities, Securities Daily and Hong Kong Business on December 10th, 2010.

VIII. Report of the Board of Directors

1、 Discussion and analysis of the business

(一) Business operation review in reporting period

Year 2010 is the stating year of T "138" leading career plan. According to long-term vision target "creating a world first-class auto enterprise", the company emphasizes strategic judge, layout global r&d system, continuously improve product quality, issue completely new brand strategy, promote cost-first strategy, make financing platform, grab the domestic automobile market growth opportunities. During reporting period, the company obviously enhance overall profitability, independent business and joint venture business profit contribution increased significantly compared to the same period of previous year, presenting sale increase higher than industry growth, and profit increase higher than income growth, realizing rapid and sound development .

During the report period, the company、 its subordinate joint enterprise and associate enterprise achieved sales revenue 104.5 billion yuan (the sales income of consolidated financial statement is 33.1 billion yuan). Total production and sales is 1. 864 million, which create new historic height, respectively increase by 34.41% and 35.24% compared with the same period of previous year. Sale of mini bus is 853,400, independent brand cars sale is 194, 600, respectively increase by 26.38% and 80.90% compared with the same period of previous year. In China's automobile market, the company has made about 10.25% market share, increasing by 0.22% than last year, sales continue to be the first 4 of China auto industry. (Analysis data sources: Chinese auto industry association data.)

During the report period, the company launched several products which can meet different consumer demand, including Ben-ben mini, CX20, CX30 etc, and mini van such as Changan Taurus star, Changan star truck SC1028, SC1029 etc. Self-innovative Ben-ben mini has been chosen for the first energy saving popularization catalogue of "energy-saving product serving people project ", continuously won "2010 Best Chinese New Car Quality Award", " Independent brand marketing innovation awards," best mini awards". Changan Taurus star also won the " the best mini bust "and" yearly Fengyun mini bus award".

During the report period, the company has won "national innovation award" selected by the ministry of science and technology, the state council jointly sasac, china national general trade unions; "Chinese enterprises for independent innovation TOP100" selected by the Chinese enterprise evaluation association, "corporate social responsibility and contribution award" selected by China's defence technology industry, and "yearly outstanding electric automobile enterprise" selected by car net. Mr. Xu Liuping, the Chairman, won titles of "China enterprises innovation top 10 character"、 "2010 Chinese economic leaders"、 " 2010 yearly automobile character".

1. Overall business operations during reporting period (expressed in RMB ten thousand yuan)

Item	Year 2010	Year 2009	Changes
Revenue	3,307,212	2,559,296	29.22%
Sale profit	197,765	111,411	77.51%

Net profit attributed to Parent company	202,699	112,071	80.87%
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(1)The following table illustrates the Company's main business by industry and product category (in RMB ten thousand):

Main Business by Industry						
Line of business/product	Revenue		Operation Cost		Gross margin rate	
	Amount	Change s to prior year	Amount	Change s to prior year	Propor tion (%)	Change s to prior year
Vehicle manufacturing	3,307,212	29.22%	2,730,326	33.66%	17.44%	-2.74%
Main business by Product						
Whole vehicles	3,188,067	29.51%	2,632,707	33.89%	17.42%	-2.70
others	119,146	22.11%	97,619	27.72%	18.07%	-3.60

(2)The following table illustrates the Company's main business by region (Expressed in RMB ten thousand):

Domestic/Foreign	Sales Profit	Changes to prior year
Domestic	3,254,685	34.00%
Foreign	52,527	60.22%

(3)Information of major suppliers and clients

In 2010, the purchase by the Company from the top five suppliers reached RMB 2,816.90 million yuan, accounting for 13.56% of total yearly purchase; and sales to the top five clients reached RMB 7,65.67 million yuan, accounting for 23.15% of total yearly sales.

2.The following table illustrates significant changes of the Company's assets structure and the income statement item prior to year, and the analysis of causes (Expressed in RMB ten thousand)

Item	Dec. 31, 2010		Dec. 31, 2009		Proportion in total assets Change(%)
	Amount	Proportion in total assets (%)	Amount	Proportion in total assets (%)	

Monetary fund	439,199	14.42%	365,838	14.49%	-0.07%
Notes receivable	882,183	28.97%	702,233	27.81%	1.15%
Account receivable	40,401	1.33%	18,299	0.72%	0.60%
Prepayments	29,780	0.98%	50,362	1.99%	-1.02%
Inventories	253,634	8.33%	270,855	10.73%	-2.40%
Fixed assets	426,789	14.01%	336,873	13.34%	0.67%
Project under construction	199,790	6.56%	131,617	5.21%	1.35%
Intangible assets	92,218	3.03%	37,803	1.50%	1.53%
R&D expense	20,431	0.67%	20,085	0.80%	-0.12%
Differed income tax asset	43,479	1.43%	32,238	1.28%	0.15%
Short-term loans	3,000	0.10%	35,027	1.39%	-1.29%
Notes payable	488,760	16.05%	279,703	11.08%	4.97%
Account payable	766,681	25.17%	655,995	25.98%	-0.81%
Prepayment received	260,070	8.54%	303,212	12.01%	-3.47%
Other payables	111,704	3.67%	69,178	2.74%	0.93%
Other current liability	154,195	5.06%	84,252	3.34%	1.73%
Long-term borrowings	7,600	0.25%	42,400	1.68%	-1.43%
Special payable	50,360	1.65%	51,509	2.04%	-0.39%
The estimated debts	61,955	2.03%	41,608	1.65%	0.39%
	Year 2010		Year 2009		Increase/ Decrease
Business income	3,307,212		2,559,296		29.22%

Business cost	2,730,326	2,042,769	33.66%
Financial expenses	-5,410	1,029	-625.75%
Loss of asset impairment	145	57,364	-99.75%
Investment income	163,123	80,434	102.80%
Sales profit	197,765	111,411	77.51%
Total profits	199,077	110,977	79.39%
Net profit attributable to the owners of parent company	202,699	112,071	80.87%

Due to the enlargement of production and sale, by the end of the report, the total asset of the company is RMB30.456 billion yuan, increased by 20.62% compared with the beginning of this year, the total debt is RMB19.873 billion yuan, increased by 65.25% compared with the beginning of this year, and the asset debt ratio is 64.41%, increased by 1.05% compared with the beginning of this year, it is still controlled in a comparatively reasonable level. During the report period, the company enlarged the application of the automobile financial marketing, the proportion of bill receivable balance increases a lot in the asset structure. Account receivable, notes payable and account payable and advance money balance have significant increase compared with that of the beginning of the year mainly due to expansion of production and sales. Proportion of fixed assets and project under construction to assets structure has increased which is mainly caused by project capacity expansion of Yuzui base project and Hebei factory. Intangible assets proportion increasing is primarily caused by capitalization of land-use right and cars r&d project.

Due to the big sale increase during the report period, the disappearance of asset devalue loss factors, and big investment income increase from a joint venture, the company operation business income, operation cost, total profits, and net profit belonging to parent company increase a lot compared to the same period of the previous year. The investment income increased during report period because investment income from CFM increased by 370million yuan to the prior period, and that from Jiangling holding company increased by 332 million yuan to the prior period.

3.CASH FLOW STATEMENT (Expressed in 10,000RMB yuan)

Items	Year 2010	Year 2009	Increase /Decrease
cash flow from business operation			

Sub-total of cash inflow	2,490,243	1,657,011	50.29%
Sub-total of cash outflow	2,220,735	1,338,294	65.94%
Net cash flow from business operation	269,508	318,718	-15.44%
Cash flow generated by investing			
Sub-total of cash inflow	99,420	102,573	-3.07%
Sub-total of cash outflow	217,348	163,369	33.04%
Net cash flow generated by investment	-117,928	-60,795	93.98%
Cash flow generated by financing			
Sub-total of cash inflow	75,541	193,429	-60.95%
Sub-total of cash outflow	164,309	252,669	-34.97%
Net cash flow generated by financing	-88,768	-59,240	49.85%
Net increase of cash and cash equivalents	62,811	198,683	-68.39%

During the report period, the net increase of the cash and cash equivalent is 628 million yuan, decreased by 68.39% compared to the same period of the previous year, among which, the net value of cash flow from the operation activity is 2.79billion yuan, decreased by 15.44% compared to the same period of the previous year; mainly caused by employee payment, various taxes and other operation related to activities increasing. The net cash flow from the company investment activity continues to be 1.179 billion yuan, increased by 571 million yuan to the prior period, which mainly caused capital project expense increase such as company purchases Jingling Parts equity, increase capital to CFM Engine, purchase and construct fixed asset. Net cash flow from financing activities continue to 888 million yuan outflows, which increase 295million yuan compared to the same period of the previous year, which mainly show that the improvement of the company fund status greatly decreases the loan financing from the bank.

4. Basic information of main holding companies and equity companies

(1) Basic information of main holding companies and equity companies

Name	Registered capital	Equity held	Main businesses	Total assets(expressed in RMB 10	Main operating income(expressed in RMB	Net profit(expressed in RMB 10 thousand

				thousan d yuan)	10 thousand yuan)	yuan)
Hebei Changan Automobile Co., Ltd.	RMB 464.69million yuan	92.97%	Production and sale of automobiles and parts	366,307	713,047	1,677
Nanjing Changan Automobile Co., Ltd.	RMB 601.81million yuan	82.47%	Production and sale of automobiles and parts	167,702	515,274	-15,118
Changan Ford Mazda Motor Co., Ltd	US351.44 million dollar	50%	Production and sale of automobiles and parts	1,878,317	4,752,313	242,829
Changan Ford Mazda Engine Co., Ltd	US172.70 million dollar	50%	Production and sale of automobiles and parts	247,113	233,250	6,625
Chongqing Changan Suzuki Automobile Co., Ltd	US190 million dollar	51%	Production and sale of automobiles and parts	568,078	1,220,840	16,759
Jiangling Holding Co., Ltd.	RMB 2billion yuan	50%	Production and sale of automobiles and parts	426,183	141,244	49,625
Chongqing	RMB 14million	90-100	Sale of	58,722	1,505,828	1329

Changan Automobile Sale Subsidiary Company	yuan	%	automobiles and parts			
Chongqing Changan Automobile International Sale Service Co., Ltd	RMB 13.76million yuan	95%	Automobile export, agent of import and export	13,086	52,527	267
Chongqing Chang Automobile Sale Co.,Ltd.	RMB 48.5 million yuan	100%	Sale of automobiles and parts	7,759	4,554	183
Chongqing Changan Automobile Service Co., Ltd.	RMB 30million yuan	99%	Sale of automobiles and parts	16,316	63,557	1,699
Chongqing Changan New Engergy Automobile Co., Ltd.	RMB 29million yuan	65%	New-energy Automobile manufacturing and sale	4,332	4,289	18
Chongqing Changan Special Automobile Co., Ltd.	RMB 5million yuan	50%	Production and sale of special automobiles and parts	9,185	42,188	294

(2) Compared to the same period of last year, Greater fluctuation of operation occurring and influencing significantly Subsidiaries or equity 's operation of the Company(expressed in RMB 10 thousand yuan).

Name	Net profit in 2010	Net profit in 2009	Change (%)
Changan Ford Mazda Motor Co., Ltd	242,829	168,888	43.78%

Changan Ford Mazda Engine Co., Ltd	6,625	2,081	218.36%
Chongqing Changan Suzuki Automobile Co., Ltd.	16,759	8,322	101.38%
Jiangxi Jiangling Holding Co., Ltd.	49,625	-23,695	-309.43%

5.Consolidation range and change conditions

During the report period, in order to improve the company's mould development and manufacturing capacity, reduce manufacturing cost, the company through the whole merger and absorption way finished cancellation of Chongqing Changan Automobile Moulds Co., LTD. The merger and absorption has no significant influence on company's financial statement.

During report period, in order to strengthen fitting management and fitting control, the corporate purchase China Jinling 97.1% equity of China Changan, making it the company's wholly subsidiary. The company merged it as the same controlled enterprise on May 31 of 2010, the new consolidation range has little significant influence on company financial statement. The company cancelled Changan Jinling via overall absorption and merge on Oct. 31 of 2010.

During report period, in order to benefit company focusing r&d and manufacturing resources, realize company's specialized operation thought, the company will transfer 50% equity of Chongqing' Anfu Auto Marketing Co., LTD. to China Changan. It lead to Anfu company not belong to the company's merge statement. The equity transfer won't have significant impact on the current and future financial condition and operating results.

6.The reasons and influence of change on accountant policy, accountant assumption or correction of key accountant mistake

There was no change and on accountant policy, accountant assumption or correction of key accountant mistake during the reporting period.

7.Innovation

In reporting period, the company newly constructed Beijing、 Nottingham、 Detroit institution, has formed a global r&d layout of " five countries and nine places".

By the end of this year, the company and subsidiary company has 5613 people engaged science and technology activities, accounting for 20.87% of total employees, including 4412 development and test staff, accounting for 78.6% of all the technical people; it has 146 people with advanced technical title, 50 people with doctoral degree.

The company makes technical innovation mainly around the main business, new energy vehicles and existing product technology upgrades. For the one year, the company has completed 227 (complete vehicle) automobile new product developments and won the national product announcements, and 195 newly environmental protection applications, and applied for new products 3C authentication certificate mandatory 188 unit. There is more than 77.7% new product contribution.

The company has 350 research and test development projects, and spent 904 million yuan on study and test developmen. That year, the company has won 24 industry science and technology progress

prize, including a one special-class award, and four first prizes. Inside the company, there are 17 technological progress awards, one special-class award and two first prizes.

The company has applied 274 invention patents, won 587 authorized patents, including 36 invention patents items, leading in China Auto industry.

The company pays attention to promote the company development through the management innovation and promote the company's brand value. During reporting period, the company's ten management innovation achievements obtained national, provincial awards, including one national management innovation achievement, five Chongqing municipal management innovation achievements, and four defense technology industry enterprise management innovation achievement s.

(二)Prospect for the further development

1.Opportunities

One is the total Chinese national economy will keep expanding, particularly as the distribution of urban and rural residents, the structural adjustment of purchasing power for car consumption increases, a more solid foundation. 2 it is China's second and the third car market will become the main vehicle sales growth area, the huge expense potential for the automobile market development provides a reliable market guarantees, China will come into automobile society. Three are in accordance with international practice, when thousand car ownership when 20-100 cars, auto will enter the popularization period. At present, Chinese thousand cars around 50 car ownership, therefore, China automobile consumption, going into the popularization of auto market consumption has great potential. Four is the independent brand cars will achieve rapid development, further enhance the ability of independent innovation, car companies pay more attention to innovation ability, the vehicle development, components research and development ability construction, strengthen our auto industry core competitiveness.

2.Risk and challenge

A. car go country, old change new, purchases duty breaks and policy, and a series of car out tax increase, while individual first-tier cities take "restricted to make", China market will be faced with a certain policy adjustment pressure, go against auto especially small-car consumption. 2 it is "universal dry WeiChe", "a dry independent" (including joint venture enterprise), cause industry more competitive. Three is a former two years of ultra-high speed growth, market consumption appear a certain degree of overdraw, will slow in the coming time car terminal consumption growth. Four is as oil prices, auto cost factors such as the pressure facing continue to rise, to bring some negative influence market demand.

3.Company main operation target and tasks

The company will continue career leading plan, pursue "quality, fine, forge ahead", passion innovation, grab the opportunity, solve difficulty, rapid growth crucial grams, realize more than 2.1 million of vehicle production and sales, sales revenue exceeds 116.4 billion yuan (the consolidated statement income is about 39.5 billion yuan).

According to the main business objectives, the main operation task for 2010: A. strengthening strategic judge; B. perfect operation management system; C. improve brand reputation and premium ability; D. promote marketing ability and service level; E.the product and technology development completion on time; F. no market major batch quality problem、 state mandatory recall is zero; G. strengthen purchase and supply chain management, tighten budgetary management, realize cost-reduction goal; H. promote lean management; I. accelerate talent leading strategy, strengthen talent

training and introduction; J. improve joint venture cooperation level, enhance the grade and depth; K. complete light vehicle company construction and normal operations.

4.2011 company fund demand and usage plan

To achieve company strategic objectives, it is expected 2011 the company capital expenditure will be 5.3 billion yuan, of which fixed assets investment plans to be 4.7 billion yuan, mainly used for company vehicle, engine production ability construction projects and research development, technical renovation programs. The company will timely input in accordance with project progress, capital demand will accord to company business and financing condition, mainly rely on own funds, sales fund collection and bank loan.

2、Investments of the Company in the reporting period

(一)Investments of the Company

Until end of Dec.31, 2010, the company's long-term equity investment is 567,002 ten thousand yuan, 88,216 ten thousand yuan more than the previous year.As for the information on the invested companies, see the major shareholding companies' operation and performance in the chapter.

(二)The use of proceeds from previous public offering

There is no use of raising money during reporting period.

(三)The use of non raise fund (Expressed in RMB 10 thousand yuan)

No.	Invest Project	Invested Fund (this ;year)	Progress	Expected Income
1	Mini bus production equipment	6,762.92	Under construction	Reflected in the overall revenue
2	Yuzui Auto City project	46,763.88	Under construction	
3	Changan Industry Park project	17,532.45	Under construction	
4	Car production equipment	3,512.15	Under construction	
5	Engine factory	66,914.01	Under construction	
6	AEI project	13,512.61	Under construction	
7	Auto die	6,822.67	Under construction	
8	Hebei Changan new district project	32,694.32	Under construction	
9	Others	18,596.24	Under construction	
Total		213,111.26		

3、The Routine of the BOD

(一)The meetings of the BOD

During the reporting period, there are 9 BODs and 46 resolutions have been passed. Related

resolutions have been disclosed as temporary report on China Securities, Securities Times and Hong Kong Commercial Daily, and Shenzhen Stock Exchange and Tidal Wave Information website. Meeting held as follows:

1. The board of directors held the ninth meeting of the fifth board conference, which approved that the company could issue additional A-share stock, approve item by item the plan of the company to issue additional A-share stock plan in 2010, feasibility analysis report that the company openly issue additional A-share stock raise funds plan investment project, board directors alteration, senior management personnel changes, increase the scope of business content, revise the company articles, Chongqing automobile comprehensive test site project, merger and absorb Chongqing Changan Automobile Die Co., LTD, purchase equity of Chongqing Changan Jinling Automobile Parts Co., Ltd., amend raising-money-management system, formulating external information submitting and usage management procedures, bill holding the first extraordinary shareholders meeting of 2010.

2. The directorate held the 10th meeting of the fifth directorate on Mar.8 of 2010, which approved 2009 yearly report and the summary, 2009 profit allocation plan, 2009 yearly internal control self evaluation report, 2009 yearly corporate social responsibility report, bill approving Jiangxi Changhe Auto and so on to use Changan trademark via communications voting.

3. The directorate held the 11th meeting of the fifth directorate on Apr. 2, 2010, which discussed and passed the working report of 2009 directorate, the general manager's working report of 2009, 2009 yearly financial final statement, 2010 annual auditor employment, permission of 2010 yearly daily associated transaction, transfer Chongqing Anfu auto marketing Co., LTD. equity, capital increase for CFM Engine company, Chairman decide and deal with related finance business, notice of holding the share-holding conference of 2009.

4. The directorate held the 12th meeting of the fifth directorate on Apr. 23, 2010, which discussed and passed the first quarter report of 2010 via communications vote.

5. The board of directors held the 13th meeting of the fifth board conference on June 3 of 2010, which approved the actually use report of previous raising fund via communication voting.

6. The board of directors held the 14th meeting of the fifth board conference on August 4 of 2010, which approved renting Hafei Auto and Changhe Auto fixed assets and signing technical permission, technical service and production cooperation framework agreement with them, newly increasing expected amount of 2010 daily associate transaction, signing label transfer intent with Chongqing Changan Industry(Group) Co., Ltd., signing key technology resolution project agreement with South China Industry Group, modifying "Articles of the Company", absorbing and merging wholly-owned subsidiary company of Chongqing Changan Jinling Auto Parts Co., Ltd.

7. The directorate held the 15th meeting of the fifth directorate on Aug.27, 2010, which passed semiyearly report and summary of 2010 via communication note

8. The directorate held the 15th meeting of the fifth directorate on Oct.29, 2010, which passed the third quarter report of 2010 via communication vote.

9. The board of directors held the 17th meeting of the fifth board meeting on November 22 of 2010, which approved bills relating to construction project of Beijing changan automobile company, adjusting and increasing 2010 daily affiliate transaction expected amount, revising "The audit commission detailed work rules", notice for holding 2010 second extraordinary shareholders meeting.

(二) The BOD's accomplishment of resolution passed in the General

Shareholders' Meeting

Up to report disclosure day, the board of directors strictly enforced each decision of shareholders conference, key decision execution is as follows:

1 Benefit distribution

According to 2009 profit distribution plan approved by 2009 shareholders meeting on April 26 of 2010, the company takes total equity of 2,325,657,615 shares for base, and distributed all the shareholders 0.65 yuan (RMB cash dividend tax) for every 10 shares. On June 17 of 2010, the company completed 2009 profit distribution (Announcement Numbers: 2010-30).

2. Public seasoned matters

On March 8 of 2010, bill related to 2010 public issue additional A-share stock raising money approved by the first extraordinary shareholders' meeting, the company will issue no more than 20% of total stock before, raise no more than RMB 4 billion yuan (including issuance expenses) of funding for Changan automobile production line and technical renovation programs, small displacement engine upgrade, independent research and development capacity projects (announcement Numbers: 2010 - no. 17).

November 8, 2010, China Securities Regulatory Commission approved that the company publicly issue additional A-share (Announcement numbers: 2010-30). December 16 of 2010, received China Securities Regulatory Commission securities regulatory licensing [2010] 1819 "Reply to approval of Chongqing Changan Automobile Corporation Issue Additional Shares" (Announcement Numbers: 2010 - no. 53).

On January 7th of 2011, public announcement show additionally-issued prospectus intent and related documents, determine the price for additional share is 9.74 yuan/share, formally initiated open seasoned subscribe work (Announcement Numbers: 2011-1, 2, 3, 4).

On January 17, 2011, announcement show additional issuance result, finally determine the issue amount of 360,166,022 shares (Announcements Numbers: 2011-7).

On January 26, 2011, Announcement that announce share change and increase A-share listing (Numbers: 2011-17), according to Ernst & Young Huaming (2011) check word 60662431_B01 number "Capital Verification Report", the total amount raised funds (including issuance expenses) 3,508,017,054.28 yuan, net raising money of 3,445,586,919.48 yuan after deducting issuance expenses is already into the designated account on January 18. On 19 January of 2011, the company finished new shares relevant registration and custody formalities at Shenzhen branch of China Clearing Company. First listed date for new shares is January 28th of 2011.

(三) Auditing committee's duty execution

The BOD auditing committee comprised of 5 persons, among whom, three are independent directors. The chief of the Committee is Mr. Peng Shaobing who is independent director with majoring in account.

Based on the regulations of China Securities Regulatory Commission & Shenzhen Stock Exchange and detailed implement rules of the BOD auditing committee, the Committee fulfils the following work on the principle of deligency and doing the duty:

① The BOD auditing committee earnestly reviewed 2010 annual auditing plan and relevant documents, consulted with certified public accountant of Ernst & Young taking charge of auditing of the Company and defined the plan for 2010 annual auditing financial report of the Company.

②The certified public accountants earnestly reviewed the preliminary financial statement before going into the Company, and issue the audit committee meeting minutes.

③The auditing committee with the certified public accountants exchanged ideas on the issues found during the process of auditing and on the timing to submit the auditing report as the certified public accountant sentered into the Company.

④The Board of director's auditing Committee held a meeting on Apr.14, 2011 when Ernst & Young made the 2010 annual auditing report, summarized the auditing work of Ernst & Young and voted on the annual fiancial statement of the Company and proposals of employing next-year accountant institute and got a resolution.

4、2010 Profit Distribution Draft Scheme

(1) cash bonus of the previous three years as follow:

	cash bonus(including tax)	net profit attributed to parent company in consolidation tables	proportion of net profit attributed to parent company owners in consolidation tables
Year 2009	151,061,862.09	1,120,706,384.17	13.48%
Year 2008	42,012,145.56	24,380,962.00	172.32%
Year 2007	0.00	666,893,972.00	0.00%
In the last three years accumulative total amount of cash dividends for the proportion of annual net profit recently (%)			31.97%

(2) 2010 profit distribution draft scheme

Net annual profit for 2010 is RMB2,026,986,470.02yuan, plus undistributed profit RMB 3,718,770,546.62yuan at the begining of the year, minus distributed cash dividend RMB 151,061,862.09 yuan in reporting period, then the profit available for shareholders amounting RMB 5,594 ,695,154.55 yuan, The company legal surplus reserve accumulative balance has reached 50% of the company's registered capital, this year no longer extract for statutory surplus reserve, so the undistributed profit for late 2010 which can be used for the distribution is5,594 ,695,154.55 yuan. At the end of 2010 the capital accumulation funds of the company is 1, 708,273,332.86 yuan, the headquarters monetary fund balance is 3,087,748,588.31yuan.

Company yearly profit allocation plan for 2010: existing total equity shares 2,685,823,637 (company total equity 31, 2010 2,325,657,615 of December 31, 2010 plus econdary offerings 360,166,022 in January of 2011, 2,685,823,637 shares in total) for base, all shareholders every 10 shares get four strands stock dividends, cash dividends 0.8 yuan (include tax), the actual profits is 1,289,195,345.76 yuan. The advised plan for increase and transfer equity of capital accumulation fund for 2010 is: take existing total equity 2,685,823,637 for base, use capital accumulation fund to transfer and increase equity, with every 10 stocks transferring and increasing four strands, totaling transfer and increase equity 1,074,329,455 shares.

The board of directors thinks the company's annual profits allocation plans conform to the provisions of the company law and accounting standards for enterprises, the articles of association and

other related regulations.

5、Statement of the board of directors for internal control responsibility

The board of directors is responsible for establishing and maintaining adequate internal control system relevant to financial report. Financial report relevant internal control goal is to ensure that financial report information is complete and reliable, prevent real material misstatement risk. Since internal control has inherent limitations , therefore can only provide reasonable assurance for the above goal.

6、Performance of insiders management system

Company insider management is strictly accordance with the registration system for insiders for record. Up to now, no cases that insiders take advantage of inside information for stock exchange prior to the disclosure of sensitive information which influence the shareusing price of the company.

7、Others

In reporting period, information disclosure newspapers selected by the company do not change, they are China Securities Journal, Securities Times and Hong Kong Commercial Daily.

IX Supervisory Committee's Report

1. The basic information of the meeting

During the reporting period, five meetings have been hold:

(一)The 4th meeting of the fifth session of the Supervisory Committee was held on Feb. 9, 2010, discussed and approved the election of Mr. Yang Jian as the company's supervisor through conference call. .

(二)The 5th meeting of the fifth session of the Supervisory Committee was held on March 8, 2010 and the report by the Board of the Supervisors for the year 2009, the annual financial report and the extract for the year 2009, the final financial settlement for the year 2009, and proposal of evaluation of internal control for the year 2009 were discussed and passed.

(三)The 6th meeting of the fifth session of the Supervisory Committee was held on March 15, 2010, discussed and approved the election of Mr. Yang Jian as the company's Supervisory Board Chairman through conference call..

(四)The 7th meeting of the fifth session of the Supervisory Committee was held on April 23, 2010 and the financial report of the 2010 first quarter was passed through conference call.

(五)The 8th meeting of the fifth session of the Supervisory Committee was held on August 27, 2010, and the 2010 semi-annual financial report, the extract was discussed and passed through conference call.

(六)The 9th meeting of the fifth session of the Supervisory Committee was held on October 29, 2010, and the financial report of the 2010 third quarter t was discussed and passed through conference call.

2. The working result of the Supervisory Committee

During the reporting period, all the supervisors of the Company sat in all the meetings of the Board of the Directors, give their independent opinions and exercise the right of the supervision. In accordance with the Company Law and the Article of the Association, the supervisors exercise following rights:

(一)Supervision of the compliance issues of the Company in its operation and management.

The Board of Supervisors performed its supervisory duties through sitting in the meetings of Board of Directors. The Board of Supervisors was of the view that the decision-making procedures of the Company were in compliance with the Company Law and the Articles of Association, a proper internal control system had been established, and there had been no violations of the laws, regulations and the Articles of Association and no acts harmful to the interests of the Company by the directors, supervisors and senior managers in fulfilling their duties.

(二)Review of the financial status of the Company

The Board of Supervisors was of the view that the financial statements of the Company had been in compliance with relevant standards and regulations and truly reflected the financial status and operating performance of the Company. The auditor of the Company, ERNST&YOUNG issued an audit report without reservation.

(三)Supervision of the use of proceeds from the public offering

During the reporting period, the Company has no public offerings being used during the reporting period.

The Supervisory Committee was of the view that the non-public capital was mainly invested in technology refreshing of the vehicle and engine production line, and in the joint ventures.

(四)Supervision for the acquisition and disposal of the assets

The Supervisory Committee was of the view that the price of the acquisition and disposal of the assets was fair and reasonable and there is no under-table transaction, no acts harmful to the interests of the shareholders or leading to the loss of Company's assets.

(五)Supervision of the related party transaction

The Supervisory Committee was of the view that all related party transactions had been conducted fairly with pricing based on the market prices that are fair and there had been no harm done to the interests of the Company.

(六)Evaluation report of internal control

Reviewed the evaluation report of internal control and there's no disagreement on the evaluation report.

X. Important Matters

- 1、 There are no major litigations and arbitrations during the reporting year.
- 2、 There is no acquisition, disposal of asset, and merger this year.
- 3、 The Company, Holding Shares of other Listed Company, and Non-Listed Financial Company or Company to Be Listed:

(1) IAt the end of reporting period, Company holds the 5.33% share of China South Industries Group Corp., initial investment capital cost is RMB 80,000 thousand yuan and the account price at the end of reporting period is RMB 80,000 thousand yuan.

(2) In the end of reporting period, the Company held 17.75 million shares, which accounted for 0.764% shares of the whole shares of South-western Securities Co., Ltd., the sales period is during the 36 months since February 17, 2009. According to the requirement of Chongqing municipal government on the Southwest Securities' reform and recombination, the Company signed Share Entrustment Agreement with Chongqing Yufu Asset Management Co. Ltd that is a state-owned company under the Chongqing municipal government, entrusting Chongqing Yufu Asset Management Co. Ltd to manage the shares held by Changan in Southwest Securities. (3) In the reporting period, the company has no trade for other shares of listed companies

(3) Dring the reporting period, the company has not purchased or sold shares of other listed companies

4. Major Connected Transactions

(一) Related party transactions relevant to daily operations

Please refer to "China Securities News", "Securities Times", "Hong Kong Commercial Daily" and <http://www.cninfo.com.cn> for " related party transactions forecasting of Chongqing Changan Auto. Co., Ltd. " dated on Aprl 16, 2011.

(二) There's no significant relating asset acquisition, disposal during the reporting period.

(三) There's no significant foreign investment matter with related parties during the reporting period.

(四) There's non-operative credit and debt operation or guarantees between the Company and related parties during the reporting period.

(五) During the reporting period, there's no material related transaction which specified in "Administration of Information Disclosure of Listed Companies"

(六) Deposits in financial company of CSGC

Till reporting period, the Company's deposit in financial company of CSGC is 496 million, occupied 11.98% of deposits in financial institutions, proportion is small. Financial company of CSGC is a non-bank financial institution funded and established by 7 members of South Industries' subordinate units jointly, the Company holds 5.33% of the shares. The deposit interest rates will be the same as that of the PBC, and with the same conditions, it is the normal non-bank financial institutions business.

This related party transactions was proposed into daily related party transactions of the Company at the beginning of the year, and relevant approval and disclosure procedures hve been strictly complied, deposit is transparent, quota is controllable. Meanwhile, the oparetion of financial company is steadily, and the supervising is in line with regulatory requirements, there is no significant operational risk, and the deposit and withdrawal security is not limited

5、 SIGNIFICANT CONTRACTS AND THEIR PERFORMANCE

(-)There were no trust, contracting and leasing matters could bring more than 10% of the total profit for the company for the period (including 10%) during the reporting period.

(-)No major guarantee issues during the reporting period.

Independent Directors consider that: the Company has established a relatively perfect system of risk control for external guarantee. During the reporting period, there's no new external guarantee and pre incurred but not yet been fully performed external guarantees (including the combined company's subsidiaries' guarantee).

(-)Asset trusting

During the reporting period, except the maturity of the 2,350 million Yuan loan issued by Lishui County branch of Bank of China to the state-owned Assets Management (Holdings) Limited entrusted by Nanjing Changan, and loan agreement for the implementation of the tripartite commission is completed, there's no entrusting others to carry out cash assets management during the reporting period.

6、 Commitments:

The Company and its directors, supervisors and senior management, shareholders holding more than 5% and the Company's actual controller have the following commitments during the reporting period:

Commitments	Promisee	Content of commitments	Implementation
promise of share split reform	China Changan	1.To comply with laws, rules and regulations, and perform legal duty of commitment. 2. Since the non-circulated shares are entitled to be circulated, at least they can't be dealt with or transferred within 24 months. At the expiration of 24 months, the shareholders of non-circulated shares can sell the shares in stock exchange in amount of no more than 5% of total within 12 months, and no more than 10% of total within 24 months. 3.After the reform of non-tradable shares, the Company performs the scheme of incentive share awards for the managements according to relative government regulation	By the end of the reporting period, China Changan holds 1,063,087,489 shares of the Company, of which 855,666,188 shares are tradable shares, the remaining 207,421,301 shares are ed shares, and according to the share reform management commitment, restriction will be released after the implementation of equity incentive plans.
Other Commitments	South Industries Group	To avoid the further potential industry competition and support the development of Changan Auto., the commitment is "if Changan have a mind to purchase Baoding Changan Bus or Changan Kuayue under our company, our company agrees to promote our underling companies to sale to Changan in fair price"	According to the demands of the Company's business, on 28, Feb, 2011, 18 th meeting of fifth session of the BOD been hold and passed the proposal of acquisition of the equity of Baoding Changan Bus and Changan Kuayue (bulletin No: 2011-15). Currently, corresponding evaluation is progressing.
	Chongqing Changan Industries Group Co., Ltd.	In order to improve the company capital completion and reduce transaction, Changan Industry issued<< Concerning "Changan"etc. trademark transfer to Chongqing Changan Auto.CO. LTD promises letter>> on 2nd, Jun.2010, promised Company is the unique assignee, and actively discuss the transfer trademark.	On Aug. 4th 2010, the 14th meeting of the fifth session of BOD approval <<Concerning transfer trademark proposal with Changan Industry>>(bulletin no:2010-35), stipulated the clear promise in the intent proposal , and promise all above procedure will be finished before 30, Jun.2011. On 2nd.Sep.2010, Company signed with Changan Industry <<Trademark transfer agreement>>, complementary promise, transfer trademark price between RMB 150M-200M , the relevant bulletin issued by Company(bulleti No:2010-39). On 14th Apri, 2011, 19th session of 5th BOD approval the proposal of trade mark transfer(bullet in :2011-20), according to the formal trademark transfer contract signed by both parties, fixed the total price is RMB175Million, and the procedures are

			progressing.
	China Changan	To avoid and final settlement of intra-industry competition may exist or potential competition in the industry and better safeguard the interests of corporate investors, the controlling shareholder of China Changan promises: 1. in Jiangxi Changhe Automobile Co., Ltd. and Harbin Hafei Automobile Industry Group Co., Ltd. are continuous Two years of profitability, with sustained development and management capacity has improved significantly with the case, proposed to the two companies into the Company; 2. Peugeot Citroen Automobile Co., Ltd. Changan completed and put into operation, the proposed joint venture held by shares All transferred to the company.	Not yet reached the fulfillment of condition

7、According to the resolution agreed on 2009 Annual General Meeting held on April 26, 2010, the Company appointed Ernst & Young to be the audit institution for the year of 2010, currently the audit institution will provide audit services for a period of 4 years, and its auditing cost is RMB3.7 million yuan. During the reporting period, the company has paid 1.6 million yuan to Ernst & Young as audit fees.

8、During the reporting period, nor did the Company, the Board and its directors receive any check, disciplinary punishment, public criticism or public censure from China Securities Regulatory Commission, and publicly condemned from the stock exchange.

9、Other Important Items

(一)According to the decision passed in the second temporary general shareholders meeting of 2009 held on March 3rd, 2009, the Company finished the approval procedures of B share re-buy and began to implement. Till March 3rd, 2010, the period of partially re-buy of domestic listed foreign shares (B shares) expired, the company finished implementation of re-buy B share plan. Re-buy of B shares accumulated to 8,365,233. On March 17th, 2010, the Company accomplished the write-off procedures at Shenzhen Branch of China Securities Registration and Clearing Co., Ltd.

(二)According to the 2010 A share funds raising related proposal reviewed and passed at the meeting of the first provisional shareholders meeting held on March 8th, 2010, the company will the company will release share that is no more than 20% of the total share stock of before and raise no more than 4 billion Yuan RMB(including issuance costs) which will be used for production line expansion technology reconstruction projects, small-displacement engine industrial upgrading projects, independent research and development capacity-building projects.

(三)Subsequent events: from January 7 to 11, 2011, the Company issued additional A shares to the public, the price of 9.74 yuan / share, totally issued 360,166,022 shares, raising 3,508,017,054.28 yuan, after deduction of issuance costs of 62,430,134.80Yuan, net raising capital is 3,445,586,919.48 yuan. The above raised funds have been designated to store in the designated account on January 18, 2011, and signed tripartite governing agreements with the sponsor and the commercial banks. On February 28, 2011, the Eighteenth Meeting of the fifth session of the Board passed "the Proposal of using raise funds to replace the self-financing", the Company agreed to use raise funds of 608,749,433.60 yuan to replace the pre-investment self-financing of investment projects (see Bulletin No. :2011-16.) Currently, the replacement has been completed.

(四)The research and interview reception during the reporting period

During the reporting period, the Company received the research and production

line visit from domestic and overseas fund management company, securities company, investment institute and so on. During the communication with the investors, related personnel of the company strictly followed the regulation of Shenzhen Stock and Exchanges's instruction for Information Fair Release for Listed Companies, Management Regulations on Investment Relationship and Management System on Information Disclosure did not selectively or privately release, reveal or disclose non-published important information to special persons or companies, guaranteeing the fairness of information release.

Date	Location	manner	Reception object	Content discussed and material offered
2010.1.5	Meeting Room, Changan Headquarters	On-Site Survey	Value Partners Ltd	Automotive Industry Development and Company's Business
2010.1.6	Meeting Room, Changan Headquarters	On-Site Survey	Dong Xing Securities	Automotive Industry Development and Company's Business
2010.1.11	Meeting Room, Changan Headquarters	On-Site Survey	Gao Hua Securities	Automotive Industry Development and Company's Business
2010.1.18	Meeting Room, Changan Headquarters	On-Site Survey	DAIWA	Automotive Industry Development and Company's Business
2010.1.19	Meeting Room, Changan Headquarters	On-Site Survey	Huatai United Securities、HuaAn Funds	Automotive Industry Development and Company's Business
2010.1.21	Meeting Room, Changan Headquarters	On-Site Survey	Deutsche Bank	Automotive Industry Development and Company's Business
2010.3.8	Meeting Room, Changan Headquarters	On-Site Survey	Huatai United Securities、Sinolink Securities、Shenyin & Wanguo Securities	Automotive Industry Development and Company's Business
2010.3.11	Meeting Room, Changan Headquarters	On-Site Survey	CLSA	Automotive Industry Development and Company's Business
2010.3.15	Meeting Room, Changan Headquarters	On-Site Survey	NOMURA	Automotive Industry Development and Company's Business
2010.3.18	Meeting Room, Changan Headquarters	On-Site Survey	Morgan Stanley	Automotive Industry Development and Company's Business
2010.3.19	Meeting Room, Changan Headquarters	On-Site Survey	China Merchants Securities	Automotive Industry Development and Company's Business
2010.4.22	Meeting Room, Changan Headquarters	On-Site Survey	RCM	Automotive Industry Development and Company's Business
2010.5.7	Meeting Room,	On-Site	TX Investment	Automotive Industry Development

	Changan Headquarters	Survey	Consulting Ltd	and Company's Business
2010.5.13	Meeting Room, Changan Headquarters	On-Site Survey	Morgan Stanley	Automotive Industry Development and Company's Business
2010.5.14	Meeting Room, Changan Headquarters	On-Site Survey	UBS	Automotive Industry Development and Company's Business
2010.5.18	Meeting Room, Changan Headquarters	On-Site Survey	Citigroup Global Markets Asia	Automotive Industry Development and Company's Business
2010.5.18	Meeting Room, Changan Headquarters	On-Site Survey	CICC	Automotive Industry Development and Company's Business
2010.5.20	Meeting Room, Changan Headquarters	On-Site Survey	BOC International Limited	Automotive Industry Development and Company's Business
2010.6.1	Meeting Room, Changan Headquarters	On-Site Survey	Macquarie Securities	Automotive Industry Development and Company's Business
2010.6.2	Meeting Room, Changan Headquarters	On-Site Survey	Industrial Securities	Automotive Industry Development and Company's Business
2010.6.4	Meeting Room, Changan Headquarters	On-Site Survey	Goldman Sachs	Automotive Industry Development and Company's Business
2010.6.7	Meeting Room, Changan Headquarters	On-Site Survey	KGI	Automotive Industry Development and Company's Business
2010.6.9	Meeting Room, Changan Headquarters	On-Site Survey	Morgan Stanley	Automotive Industry Development and Company's Business
2010.7.9	Meeting Room, Changan Headquarters	On-Site Survey	UG Investment	Automotive Industry Development, Company's Business
2010.7.21	Meeting Room, Changan Headquarters	On-Site Survey	J.P.Morgan Chase Investment	Automotive Industry Development, Company's Business
2010.7.22	Meeting Room, Changan Headquarters	On-Site Survey	GSI Management LLC	Automotive Industry Development, Company's Business
2010.8.23	Meeting Room, Changan Headquarters	On-Site Survey	Korea Investment Securities	Automotive Industry Development, Company's Business
2010.9.2	Meeting Room, Changan Headquarters	On-Site Survey	Artisan Management LLC	Automotive Industry Development, Company's Business
2010.9.8	Meeting Room, Changan	On-Site Survey	Tiger Asia Fund	Automotive Industry Development, Company's Business

	Headquarters			
2010.9.10	Meeting Room, Changan Headquarters	On-Site Survey	INVESCO Funds(Hong Kong)	Automotive Industry Development, Company's Business
2010.9.15	Meeting Room, Changan Headquarters	On-Site Survey	Kingdon Capital	Automotive Industry Development, Company's Business
2010.9.17	Meeting Room, Changan Headquarters	On-Site Survey	People's Insurance Asset Management	Automotive Industry Development, Company's Business
2010.9.17	Meeting Room, Changan Headquarters	On-Site Survey	Soros Fund Management LLC	Automotive Industry Development, Company's Business
2010.10.11	Meeting Room, Changan Headquarters	On-Site Survey	Treadneedle Asset Management	Automotive Industry Development, Company's Business
2010.10.13	Meeting Room, Changan Headquarters	On-Site Survey	UOB Asset Management	Automotive Industry Development, Company's Business
2010.10.18	Meeting Room, Changan Headquarters	On-Site Survey	Joho Capital Asset Management	Automotive Industry Development, Company's Business
2010.10.19	Meeting Room, Changan Headquarters	On-Site Survey	Sarasin Asset Management	Automotive Industry Development, Company's Business
2010.10.19	Meeting Room, Changan Headquarters	On-Site Survey	Guotai Junan Securities	Automotive Industry Development, Company's Business
2010.10.20	Meeting Room, Changan Headquarters	On-Site Survey	CICC	Automotive Industry Development, Company's Business
2010.10..20	Meeting Room, Changan Headquarters	On-Site Survey	Baillie Gifford	Automotive Industry Development, Company's Business
2010.10.25	Meeting Room, Changan Headquarters	On-Site Survey	Citi Investment	Automotive Industry Development, Company's Business
2010.11.4	Meeting Room, Changan Headquarters	On-Site Survey	GLG	Automotive Industry Development, Company's Business
2010.11..4	Meeting Room, Changan Headquarters	On-Site Survey	Yuanta Securities	Automotive Industry Development, Company's Business
2010.11..15	Meeting Room, Changan Headquarters	On-Site Survey	QVT Asset Management	Automotive Industry Development, Company's Business
2010.11..16	Meeting Room, Changan	On-Site Survey	Morgan Stanley	Automotive Industry Development, Company's Business

	Headquarters			
2010.12.24	Meeting Room, Changan Headquarters	On-Site Survey	Yuanta Investment	Automotive Industry Development, Company's Business

Auditor's Report

Ernst & Young Hua Ming Shen Zi (2011) No 60662431_B01

To the shareholders of Chongqing Changan Automobile Company Limited

We have audited the accompanying financial statements of Chongqing Changan Automobile Company Limited, which comprise the consolidated and the company balance sheets as at 31 December 2010, and the consolidated and the company income statements, the consolidated and the company statements of changes in equity and the consolidated and the company cash flow statements for the year then ended and notes to the financial statements.

Management's Responsibility for the Financial Statements

The management of Chongqing Changan Automobile Company Limited is responsible for preparing financial statements in accordance with Accounting Standards for Business Enterprises. This responsibility includes (1) preparing and fairly presenting the financial statements in accordance with Accounting Standards for Business Enterprises; (2) designing, implementing and maintaining internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Chinese Auditing Standards issued by the Chinese Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain a reasonable assurance as to whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider the internal control relevant to the entity's preparation of financial statements fairly in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Auditor's Report

Ernst & Young Hua Ming Shen Zi (2011) No 60662431_B01

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

Opinion

In our opinion, the accompanying consolidated and the company financial statements present fairly, in all material respects, the consolidated and the company's financial position of Chongqing Changan Automobile Company Limited as of 31 December 2010, and of their financial performance and their cash flows for the year then ended in accordance with the Accounting Standards for Business Enterprises.

Wang Yang

Ernst & Young Hua Ming

Chinese Certified Public Accountant

Bao Xiaogang

Chinese Certified Public Accountant

Beijing, the People's Republic of China

14 April 2011

Chongqing Changan Automobile Company Limited
CONSOLIDATED BALANCE SHEET
31 December 2010
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2010</u>	<u>Restated 2009</u>
Current assets			
Cash	1	4,391,990,049.72	3,658,380,928.50
Notes receivable	2	8,821,828,759.39	7,022,333,591.84
Accounts receivable	3	404,008,999.71	182,991,180.86
Prepayments	4	297,803,710.77	503,622,021.38
Dividend receivable	5	450,030.00	450,030.00
Other receivables	6	117,659,705.04	71,548,893.59
Inventories	7	2,536,336,767.24	2,708,549,715.71
Other current assets	8	<u>6,429,293.38</u>	<u>20,508.87</u>
Total current assets		<u>16,576,507,315.25</u>	<u>14,147,896,870.75</u>
Non-current assets			
Available-for-sale financial assets	9	176,967,500.00	238,205,000.00
Long-term equity investments	11	5,670,022,934.61	4,787,860,441.63
Investment real-estates	12	62,762,382.76	65,563,825.59
Fixed assets	13	4,267,885,829.43	3,368,732,022.01
Construction in progress	14	1,997,902,631.46	1,316,169,651.80
Project materials	15	795,898.75	838,718.75
Liquidation of fixed assets		3,180.57	869,564.07
Intangible assets	16	922,184,553.37	378,030,601.16
Development expenditure	17	204,312,934.30	200,849,901.80
Goodwill	18	9,804,394.00	9,804,394.00
Long-term deferred expenses	19	2,484,457.43	5,087,816.19
Deferred tax assets	20	434,792,115.95	322,381,245.46
Other non-current assets	22	<u>130,000,000.00</u>	<u>407,080,000.00</u>
Total non-current assets		<u>13,879,918,812.63</u>	<u>11,101,473,182.46</u>
TOTAL ASSETS		<u>30,456,426,127.88</u>	<u>25,249,370,053.21</u>

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

Legal Representative: _____ Principal in Charge _____ Chief of Accountancy: _____ Accountant: _____
CONSOLIDATED BALANCE SHEET (continued)
31 December 2010

Chongqing Changan Automobile Company Limited
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2010</u>	<u>Restated 2009</u>
Current liabilities			
Short-term loans	23	30,000,000.00	350,270,268.00
Financial liabilities held for trading	24	-	4,563,744.00
Notes payable	25	4,887,600,348.93	2,797,030,532.62
Accounts payable	26	7,666,813,508.07	6,559,948,368.16
Advances from customers	27	2,600,698,490.62	3,032,115,389.29
Payroll payable	28	200,359,830.91	177,703,190.75
Taxes payable	29	424,842,866.22	246,689,891.89
Interest payables	30	60,000.00	420,000.00
Dividend payables	31	79,742.80	79,742.80
Other payables	32	1,117,041,448.96	691,778,264.49
Contingent liabilities	33	619,547,105.86	416,077,626.26
Non-current liabilities			
within one year	34	50,000,000.00	90,000,000.00
Other current liabilities	35	<u>1,541,945,721.07</u>	<u>842,516,160.16</u>
Total current liabilities		<u>19,138,989,063.44</u>	<u>15,209,193,178.42</u>
Non-current liabilities			
Long-term loans	36	76,000,000.00	424,000,000.00
Special payable	37	503,601,091.39	515,089,405.79
Deferred tax liabilities	20	23,113,125.00	32,298,750.00
Other non-current liabilities	38	<u>131,140,000.00</u>	<u>30,081,000.00</u>
Total non-current liabilities		<u>733,854,216.39</u>	<u>1,001,469,155.79</u>
Total liabilities		<u>19,872,843,279.83</u>	<u>16,210,662,334.21</u>
Owners' equity			
Share capital	39	2,325,657,615.00	2,334,022,848.00
Capital reserves	40	1,538,178,253.07	1,797,604,215.47
Less: Treasury shares	41	-	26,925,731.38
Surplus reserves	42	1,167,011,424.00	1,167,011,424.00
Retained earnings	43	<u>5,594,695,154.55</u>	<u>3,718,770,546.62</u>
Interests belong to parent company		10,625,542,446.62	8,990,483,302.71
Minority interests		<u>(41,959,598.57)</u>	<u>48,224,416.29</u>
Total owners' equity		<u>10,583,582,848.05</u>	<u>9,038,707,719.00</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>30,456,426,127.88</u>	<u>25,249,370,053.21</u>

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited

CONSOLIDATED INCOME STATEMENT
2010
(Expressed in Renminbi Yuan)

	Notes V	2010	Restated 2009
Total operating revenue	44	<u>33,072,124,211.29</u>	<u>25,592,964,183.03</u>
Total operating cost		32,712,860,260.61	25,288,404,891.90
Including: Operating cost	44	27,303,257,100.83	20,427,692,279.72
Business tax and surcharges	45	676,194,533.95	543,292,636.19
Operating expenses	46	3,230,353,574.57	2,485,597,306.02
General and administrative expenses	47	1,573,110,607.84	1,247,890,496.17
Financial expenses	48	(54,097,445.46)	10,292,226.25
Impairment loss on assets	49	1,448,142.19	573,639,947.55
Add: Profit and loss from fair value Changes	50	4,563,744.00	5,209,664.00
Investment income	51	1,631,226,158.61	804,339,305.22
Including: Investment income from associates and from joint venture		<u>1,568,729,946.48</u>	<u>796,577,309.50</u>
Operating profit		1,977,647,599.98	1,114,108,260.35
Add: Non-operating income	52	63,476,136.72	40,553,111.34
Less: Non-operating expenses	53	50,353,723.99	44,891,584.53
Including: loss on disposal of non-current assets		<u>37,355,062.26</u>	<u>32,932,631.64</u>
Total profit		1,990,770,012.71	1,109,769,787.16
Less: Income tax expense	54	<u>(14,977,136.28)</u>	<u>4,371,880.36</u>
Net profit		2,005,747,148.99	1,105,397,906.80
Including: The net profit of the combined parties before business combination involving entities under common control		(27,661,628.30)	5,478,463.04
Net profit belong to parent company		2,026,986,470.02	1,120,706,384.17
Minority of profit and loss		<u>(21,239,321.03)</u>	<u>(15,308,477.37)</u>
Earnings per share			
Basic earnings per share	55	0.88	0.48
Diluted earnings per share		Not Applicable	Not Applicable
Other comprehensive income	53	<u>(52,051,875.00)</u>	<u>183,026,250.00</u>
Total comprehensive income		1,953,695,273.99	1,288,424,156.80
Total comprehensive income belong to parent company		1,974,934,595.02	1,303,732,634.17
Total comprehensive income belong to minority		<u>(21,239,321.03)</u>	<u>(21,239,321.03)</u>

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited
CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
2010
(Expressed in Renminbi Yuan)

	2010						Minority interest	Total owners' equity
	Share capital	Capital reserves	Interests belong to parent company		Retained earnings	Subtotal		
			Less: Treasury shares	Surplus reserves				
At end of last year	2,334,022,848.00	1,693,335,482.05	26,925,731.38	1,167,011,424.00	3,632,676,370.48	8,800,120,393.15	94,433,722.28	8,894,554,115.43
Add: Changes in accounting policies	-	-	-	-	94,816,111.02	94,816,111.02	(94,816,111.02)	-
Business combination involving entities under common control	-	104,268,733.42	-	-	(8,721,934.88)	95,546,798.54	48,606,805.03	144,153,603.57
At beginning of year	2,334,022,848.00	1,797,604,215.47	26,925,731.38	1,167,011,424.00	3,718,770,546.62	8,990,483,302.71	48,224,416.29	9,038,707,719.00
Changes during the year								
I Net profit	-	-	-	-	2,026,986,470.02	2,026,986,470.02	(21,239,321.03)	2,005,747,148.99
II Other comprehensive income	-	(52,051,875.00)	-	-	-	(52,051,875.00)	-	(52,051,875.00)
Total comprehensive income	-	(52,051,875.00)	-	-	2,026,986,470.02	1,974,934,595.02	(21,239,321.03)	1,953,695,273.99
III Input by investors and decrease in capital								
1. Capital input by investors	(8,365,233.00)	(18,560,498.38)	(26,925,731.38)	-	-	-	-	-
2. Others	-	(42,078,239.55)	-	-	-	(42,078,239.55)	(64,944,693.83)	(107,022,933.38)
IV Distribution of profits								
1. Pick-up of surplus reserves	-	-	-	-	-	-	-	-
2. Distribution to owners	-	-	-	-	(151,061,862.09)	(151,061,862.09)	(4,000,000.00)	(155,061,862.09)
3. Others	-	-	-	-	-	-	-	-
V Internal transfer of shares								
1. Others	-	(146,735,349.47)	-	-	-	(146,735,349.47)	(48,606,805.03)	(195,342,154.50)
VI Others	-	-	-	-	-	-	-	-
At end of year	2,325,657,615.00	1,538,178,253.07	-	1,167,011,424.00	5,594,695,154.55	10,625,542,446.62	(41,959,598.57)	10,583,582,848.05

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY (continued)
2010
(Expressed in Renminbi Yuan)

	2009						Minority interest	Total owners' equity
	Share capital	Capital reserves	Interests belong to parent company		Retained earnings	Subtotal		
			Less: Treasury shares	Surplus reserves				
At end of last year	2,334,022,848.00	1,499,260,947.64	-	1,042,968,948.06	2,720,272,069.26	7,596,524,812.96	112,096,799.26	7,708,621,612.22
Add: Changes in accounting policies								
Business combination involving entities under common control	-	-	-	-	58,047,112.61	58,047,112.61	(58,047,112.61)	-
	-	104,268,733.42	-	-	(14,200,397.92)	90,068,335.50	34,444,341.92	124,512,677.42
At beginning of year	<u>2,334,022,848.00</u>	<u>1,603,529,681.06</u>	<u>-</u>	<u>1,042,968,948.06</u>	<u>2,764,118,783.95</u>	<u>7,744,640,261.07</u>	<u>88,494,028.57</u>	<u>7,833,134,289.64</u>
Changes during the year								
I Net profit	-	-	-	-	1,120,706,384.17	1,120,706,384.17	(15,308,477.37)	1,105,397,906.80
II Other comprehensive income	-	183,026,250.00	-	-	-	183,026,250.00	-	183,026,250.00
Total comprehensive income	-	183,026,250.00	-	-	1,120,706,384.17	1,303,732,634.17	(15,308,477.37)	1,288,424,156.80
III Input by investors and decrease in capital								
1. Capital input by investors	-	-	-	-	-	-	(9,760,000.00)	(9,760,000.00)
2. Others	-	11,048,284.41	26,925,731.38	-	-	(15,877,446.97)	(10,201,134.91)	(26,078,581.88)
IV Distribution of profits								
1. Pick-up of surplus reserves	-	-	-	124,042,475.94	(124,042,475.94)	-	-	-
2. Distribution to owners	-	-	-	-	(42,012,145.56)	(42,012,145.56)	(5,000,000.00)	(47,012,145.56)
3. Others	-	-	-	-	-	-	-	-
V Others	-	-	-	-	-	-	-	-
At end of year	<u>2,334,022,848.00</u>	<u>1,797,604,215.47</u>	<u>26,925,731.38</u>	<u>1,167,011,424.00</u>	<u>3,718,770,546.62</u>	<u>8,990,483,302.71</u>	<u>48,224,416.29</u>	<u>9,038,707,719.00</u>

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited
CONSOLIDATED CASH FLOW STATEMENT
2010
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2010</u>	<u>Restated 2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		24,596,479,394.07	16,275,890,481.56
Refunds of taxes		67,147,178.16	98,460,333.23
Cash received relating to other operating activities	57	<u>238,799,648.25</u>	<u>195,763,068.14</u>
Sub-total of cash inflows		<u>24,902,426,220.48</u>	<u>16,570,113,882.93</u>
Cash paid for goods and services		15,712,759,849.55	8,986,510,399.44
Cash paid to and on behalf of employees		1,564,221,349.67	901,782,608.51
Cash paid for all types of taxes		1,853,837,953.25	1,529,218,173.99
Cash paid relating to other operating activities	57	<u>3,076,531,097.98</u>	<u>1,965,427,363.73</u>
Sub-total of cash outflows		<u>22,207,350,250.45</u>	<u>13,382,938,545.67</u>
Net cash flows from operating activities	58	<u>2,695,075,970.03</u>	<u>3,187,175,337.26</u>

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited
CONSOLIDATED CASH FLOW STATEMENT (continued)
2010
(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2010</u>	<u>Restated 2009</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from sale of investments		20,976,139.81	3,250,000.00
Cash received from return on investments		832,319,182.61	546,710,627.33
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		18,763,559.61	5,582,001.28
Cash received from sale of subsidiaries and other business units		-	-
Cash received relating to other investing activities	57	<u>122,140,000.00</u>	<u>470,190,000.00</u>
Sub-total of cash inflow		<u>994,198,882.03</u>	<u>1,025,732,628.61</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,831,689,224.89	1,622,491,611.58
Cash paid for acquisition of subsidiaries and other business units		341,792,094.40	11,194,570.15
Cash paid relating to other investing Activities	57	<u>-</u>	<u>-</u>
Sub-total of cash outflows		<u>2,173,481,319.29</u>	<u>1,633,686,181.73</u>
Net cash flows from investing activities		<u>(1,179,282,437.26)</u>	<u>(607,953,553.12)</u>

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited

CONSOLIDATED CASH FLOW STATEMENT (continued)

2010

(Expressed in Renminbi Yuan)

	<u>Notes V</u>	<u>2010</u>	Restated <u>2009</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash received from absorbing Investment under equity method		-	-
Cash received from borrowings		666,774,858.73	1,840,915,517.00
Cash received relating to other financing activities	57	<u>88,634,514.01</u>	<u>93,374,226.50</u>
Sub-total of cash inflows		<u>755,409,372.74</u>	<u>1,934,289,743.50</u>
Cash repayments of borrowings		1,262,375,951.00	2,307,872,490.59
Cash paid for distribution of dividends or profits and for interest expenses		189,417,550.65	86,518,844.79
<i>Including: Subsidiaries paying the dividends to minority</i>		-	5,000,000.00
Cash paid relating to other financing activities	57	<u>191,298,649.69</u>	<u>132,294,866.59</u>
Sub-total of cash outflows		<u>1,643,092,151.34</u>	<u>2,526,686,201.97</u>
Net cash flows from financing activities		<u>(887,682,778.60)</u>	<u>(592,396,458.47)</u>
EFFECT OF CHANGES IN EXCHANGE RATE ON CASH			
		-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		628,110,754.17	1,986,825,325.67
Add: Opening balance of cash and cash equivalents		<u>3,572,887,387.93</u>	<u>1,586,062,062.26</u>
CLOSING BALANCE OF CASH AND CASH EQUIVLANT	58	<u>4,200,998,142.10</u>	<u>3,572,887,387.93</u>

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited

BALANCE SHEET
31 December 2010
(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2010</u>	<u>2009</u>
Current assets			
Cash		3,087,748,588.31	1,973,263,003.71
Notes receivable		6,655,403,907.26	5,372,680,455.66
Accounts receivable	1	574,746,914.49	581,698,017.44
Prepayments		268,250,546.15	329,644,151.89
Dividend receivable		450,030.00	450,030.00
Other receivables	2	101,280,817.11	129,910,087.06
Inventories		<u>1,624,101,164.89</u>	<u>1,438,979,289.27</u>
Total current assets		<u>12,311,981,968.21</u>	<u>9,826,625,035.03</u>
Non-current assets			
Available-for-sale financial assets		176,967,500.00	238,205,000.00
Long-term equity investments	3	6,644,437,964.01	5,856,668,740.78
Fixed assets		3,813,955,308.29	2,572,674,562.93
Construction in progress		1,562,928,324.61	1,226,791,383.39
Project materials		795,898.75	838,718.75
Intangible assets		779,656,835.85	250,935,419.01
Development expenditure		204,121,260.99	199,526,282.03
Long-term deferred expenses		1,080,480.00	1,260,560.00
Deferred tax assets		262,939,586.62	204,563,633.47
Other non-current assets		<u>130,000,000.00</u>	<u>407,080,000.00</u>
Total non-current assets		<u>13,576,883,159.12</u>	<u>10,958,544,300.36</u>
TOTAL ASSETS		<u>25,888,865,127.33</u>	<u>20,785,169,335.39</u>

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited

BALANCE SHEET (continued)
31 December 2010
(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2010</u>	<u>2009</u>
Current liabilities			
Short-term loans		-	50,000,000.00
Notes payable	4,284,851,347.89		2,716,438,173.31
Accounts payable	4,848,629,265.23		3,988,443,774.45
Advances from customers	1,905,053,220.84		1,718,105,586.42
Payroll payable	149,604,731.81		145,719,031.19
Taxes payable	351,735,935.41		289,396,852.43
Interest payable	60,000.00		420,000.00
Other payables	766,343,334.06		416,328,996.78
Contingent liabilities	325,719,615.32		222,800,775.48
Non-current liabilities within one year	50,000,000.00		-
Other current liabilities	857,611,927.80		465,475,119.91
Total current liabilities		<u>13,539,609,378.36</u>	<u>10,013,128,309.97</u>
Non-current liabilities			
Long-term loans		-	300,000,000.00
Special account payable	503,601,091.38		515,089,405.79
Deferred tax liabilities	23,113,125.00		32,298,750.00
Other non-current liabilities	111,137,000.00		22,216,000.00
Total non-current liabilities		<u>637,851,216.38</u>	<u>869,604,155.79</u>
Total liabilities		<u>14,177,460,594.74</u>	<u>10,882,732,465.76</u>
Owner's equity			
Share capital	2,325,657,615.00		2,334,022,848.00
Capital reserves	1,708,273,332.86		1,859,502,088.33
Less: Treasury equity	-		26,925,731.38
Surplus reserves	1,167,011,424.00		1,167,011,424.00
Retained earnings	6,510,462,160.73		4,568,826,240.68
Total owner's equity		<u>11,711,404,532.59</u>	<u>9,902,436,869.63</u>
TOTAL LIABILITIES AND OWNERS' EQUITY		<u>25,888,865,127.33</u>	<u>20,785,169,335.39</u>

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited

INCOME STATEMENT

2010

(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2010</u>	<u>2009</u>
Total operating revenue	4	<u>23,312,302,096.54</u>	<u>17,242,209,819.73</u>
Total operating cost		22,904,856,211.53	16,699,192,064.88
Including: Operating cost	4	19,085,983,140.27	13,407,972,314.75
Business tax and surcharges		483,494,662.95	377,693,991.91
Operating expenses		2,065,374,547.80	1,412,235,266.04
General and administrative expenses		1,387,349,095.99	1,038,724,724.32
Financial expenses		(78,495,198.26)	(43,982,447.64)
Impairment loss on assets		(9,443,783.91)	506,548,215.50
Add: Profit and loss from fair value Changes		-	-
Investment income	5	1,648,969,861.27	751,586,132.15
Including: Investment income from associates and from joint venture		<u>1,568,384,334.19</u>	<u>765,324,448.88</u>
Operating profit		2,027,009,492.97	1,294,603,887.00
Add: Non-operating income		53,565,664.60	26,171,529.17
Less: Non-operating expenses		29,016,077.09	36,329,207.60
Including: loss on disposal of non-current assets		<u>19,432,605.04</u>	<u>27,539,499.98</u>
Total profit		2,051,559,080.48	1,284,446,208.57
Less: Income tax expense		<u>(41,138,701.66)</u>	<u>217,500.89</u>
Net profit		<u>2,092,697,782.14</u>	<u>1,284,228,707.68</u>
Other comprehensive income		<u>(52,051,875.00)</u>	<u>183,026,250.00</u>
Total comprehensive income		<u>2,040,645,907.14</u>	<u>1,467,254,957.68</u>

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY 2010 (Expressed in Renminbi Yuan)

		2010					
		Share Capital	Capital reserves	Less: Treasury share	Surplus reserves	Retained earnings	Total owners' equity
At beginning of year		2,334,022,848.00	1,859,502,088.33	26,925,731.38	1,167,011,424.00	4,568,826,240.68	9,902,436,869.63
Changes during the year							
I	Net profit	-	-	-	-	2,092,697,782.14	2,092,697,782.14
II	Other comprehensive income	-	(52,051,875.00)	-	-	-	(52,051,875.00)
Total comprehensive income		-	(52,051,875.00)	-	-	2,092,697,782.14	2,040,645,907.14
III	Gain and loss directly put into equity						
	1. Investment from shareholders	(8,365,233.00)	(18,560,498.38)	(26,925,731.38)	-	-	-
IV	Distribution of profits						
	1. Pick-up of surplus reserves	-	-	-	-	-	-
	2. The distribution to shareholders	-	-	-	-	(151,061,862.09)	(151,061,862.09)
V	Internal transfer of shares						
	1. Others	-	(80,616,382.09)	-	-	-	(80,616,382.09)
At end of year		<u>2,325,657,615.00</u>	<u>1,708,273,332.86</u>	<u>-</u>	<u>1,167,011,424.00</u>	<u>6,510,462,160.73</u>	<u>11,711,404,532.59</u>

		2009					
		Share Capital	Capital reserves	Less: Treasury share	Surplus reserves	Retained earnings	Total owners' equity
At beginning of year		2,334,022,848.00	1,675,528,688.83	-	1,042,968,948.06	3,450,652,154.50	8,503,172,639.39
Changes during the year							
I	Net profit	-	-	-	-	1,284,228,707.68	1,284,228,707.68
II	Other comprehensive income	-	183,026,250.00	-	-	-	183,026,250.00
Total comprehensive income		-	183,026,250.00	-	-	1,284,228,707.68	1,467,254,957.68
III	Gain and loss directly put into equity						
	1. Others	-	947,149.50	26,925,731.38	-	-	(25,978,581.88)
IV	Distribution of profits						
	1. Pick-up of surplus reserves	-	-	-	124,042,475.94	(124,042,475.94)	-
	2. The distribution to shareholders	-	-	-	-	(42,012,145.56)	(42,012,145.56)
At end of year		<u>2,334,022,848.00</u>	<u>1,859,502,088.33</u>	<u>26,925,731.38</u>	<u>1,167,011,424.00</u>	<u>4,568,826,240.68</u>	<u>9,902,436,869.63</u>

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited

CASH FLOW STATEMENT
2010
(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2010</u>	Restated <u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from sale of goods or rendering of services		21,618,617,583.95	12,904,963,224.72
Refunds of taxes		199,902.75	4,061,400.00
Cash received relating to other operating activities		<u>244,037,955.29</u>	<u>119,695,424.72</u>
Sub-total of cash inflows		<u>21,862,855,441.99</u>	<u>13,028,720,049.44</u>
Cash paid for goods and services		14,278,075,808.91	7,752,821,174.24
Cash paid to and on behalf of employees		1,240,064,456.55	686,157,456.52
Cash paid for all types of taxes		1,310,150,479.39	981,846,952.24
Cash paid relating to other operating activities		<u>2,497,688,676.79</u>	<u>1,577,541,848.85</u>
Sub-total of cash outflows		<u>19,325,979,421.64</u>	<u>10,998,367,431.85</u>
Net cash flows from operating activities	6	<u>2,536,876,020.35</u>	<u>2,030,352,617.59</u>

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited

CASH FLOW STATEMENT (continued)
2010
(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2010</u>	<u>Restated 2009</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Cash received from sale of investments		338,640,220.78	3,250,000.00
Cash received from return on investments		810,000,000.00	567,201,172.92
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		888,570.23	483,066.01
Cash received from sale of subsidiaries and other business units		-	-
Cash received relating to other investing activities		<u>94,320,000.00</u>	<u>470,090,000.00</u>
Sub-total of cash inflow		<u>1,243,848,791.01</u>	<u>1,041,024,238.93</u>
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		1,591,341,566.90	1,422,864,315.98
Cash paid for acquisition of subsidiaries and other business units		289,976,069.40	211,156,370.15
Cash paid relating to other investing Activities		<u>-</u>	<u>-</u>
Sub-total of cash outflows		<u>1,881,317,636.30</u>	<u>1,634,020,686.13</u>
Net cash flows from investing activities		<u>(637,468,845.29)</u>	<u>(592,996,447.20)</u>

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

Chongqing Changan Automobile Company Limited

CASH FLOW STATEMENT (continued)
2010
(Expressed in Renminbi Yuan)

	<u>Notes XII</u>	<u>2010</u>	Restated <u>2009</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Cash received from absorbing Investment under equity method		-	-
Cash received from borrowings		-	728,504,607.00
Cash received relating to other financing activities		-	5,788,909.59
Sub-total of cash inflows		-	<u>734,293,516.59</u>
Cash repayments of borrowings		579,000,000.00	1,253,531,123.42
Cash paid for distribution of dividends or profits and for interest expenses <i>Including: Subsidiaries paying the dividends to minority</i>		205,921,590.46	79,442,581.55
Cash paid relating to other financing activities		-	27,216,154.70
Sub-total of cash outflows		<u>784,921,590.46</u>	<u>1,360,189,859.67</u>
Net cash flows from financing activities		<u>(784,921,590.46)</u>	<u>(625,896,343.08)</u>
EFFECT OF CHANGES IN EXCHANGE RATE ON CASH		-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		1,114,485,584.60	811,459,827.31
Add: Opening balance of cash and cash equivalents		<u>1,973,263,003.71</u>	<u>1,161,803,176.40</u>
CLOSING BALANCE OF CASH AND CASH EQUIVLANT	6	<u>3,087,748,588.31</u>	<u>1,973,263,003.71</u>

The notes on pages 17 to 158 form an integral part of the financial statements on pages 3 to 16.

I. Corporate information

Chongqing Changan Automobile Co., Ltd. (hereafter referred to as the "Company") was established by

in the People's Republic of China (hereafter referred to as the "PRC") under the Company Law of the PRC on 31 October 1996. The Legal Representative's Operating License issued by Chongqing Industrial and Commercial Administrative Bureau is Yu-Jing No. 28546236-3.

Chongqing Changan automobile company limited was established by China Changan Group as the individual originator. the company was set up using the group's net asset relating to the operation of mini cars and engine, the shares its owned in Chongqing Changan Suzuki company limited (506,190,000 shares) and the fund raising from the issuance of 250,000,000 foreign capital stock (B shares).

With the approval of 'China securities regulatory commission', the company initially floated on share market on 19 May 1997 by issuing 120,000,000 common share (A share) to the public. The offering increased the total equity to RMB 866,190,000.

On 26 June 1998, the company issued 4 shares for each 10 shares to existing shareholders. The issuance was made from capital common reserve and increased the equity to RMB 1,226,666,000.

On 26 May 2004, the company offered 2 bonus shares for each 10 shares holding by existing shareholder which increased the total equity from RMB 1,226,666,000 to RMB 1,471,999,200.

On 26 August 2004, with the approval of China securities regulatory commission, the company offered 148,850,000 common shares (A share) to the market which increased the total equity to RMB 1,620,849,200.

As at December of 2005, the ultimate parent company of Chongqing Changan, China South Industries Group Corporation used the common share (850,399,200) that owned by its subsidiary, Changan Group, as part of the investment to China South industries Motor Company. The share occupied 52.46% of the Changan's total capital. Therefore, South industries Motor became the parent company of Chongqing Changan. On 30th of March 2006, the transfer of share was registered and confirmed by Shenzhen branch of China Securities Depository and Clearing Corporation limited.

On May 2006, South Industries Motor issued 3.2 bonus shares for each 10 shares to the shareholders at the implementation date of reformation of non-tradable shares for their non-tradable shares according to the "Reply of the problems related the reformation of non-tradable shares of Chongqing Changan Automobile Co., Ltd." (2006[442] Guo Zi Chan Quan) issued by the State-owned Assets Supervision and Administration Commission of State Council and the related shareholder's meeting. After the reformation of non-tradable shares, South Industries Motor occupied 45.548% of equity through 738,255,200 common shares.

On 15 May 2007, the Company issued 2 bonus shares for each 10 shares to existing shareholders which increased the total equity from

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
2010
(Expressed in Renminbi Yuan)

RMB1,620,849,200 to RMB 1,945,019,040 .

On 30 May 2008, the company issued 2 shares for each 10 shares owned by existing shareholders. The total issuance of 389,003,808 shares was made from common reserve in capital. After this issuance, total equity increased to RMB 2,334,022,848.

On 3 March 2009, the secondary temporary shareholder meeting was held. The meeting passed the board resolution about 'the reacquisition of foreign capital stock listed in China'. For the buyback period ending on 3rd March 2010, the company repurchased 8,365,233 shares in total which occupied 0.3584% of total capital. The company cancelled the share and reduced total shares to RMB2,325,657,615. On 27th of November, the company changed to a new business license for enterprise's legal person which a registration number of 5000000005061 1-1-1.

On 1st of July 2009, with the approval of State Administration for Industry and Commercial, the ultimate parent company, China South industries motor company, changed its name as China Changan automobile Industry (Group) Co., Ltd. ("China Changan").

The group and its subsidiaries mainly focus on the manufacturing and sales of automobile (include cars), automobile engine, spare parts.

II. Representation regarding the preparation basis and compliance with the Accounting Standards for Business Enterprises

1. Basis of accounting and measurement basis

The financial statements have been prepared in accordance with Accounting Standards for Business Enterprises-Basic Standard and 38 specific standards issued in February 2006, and the implementation guidance, interpretations and other relevant provisions issued subsequently by the MOF (correctly referred to as "Accounting Standards for Business Enterprises").

The financial statements are presented on a going concern basis.

The Group maintains its accounting records on an accrual basis. Except for certain financial instruments, assets are recorded at actual cost when they are acquired. If the assets are impaired, the corresponding provisions should be made accordingly.

2. Statement of compliance with Accounting Standards for Business Enterprises

The financial statements present fairly and fully, the financial position of the Company as at 31 December 2010 and the financial results and the cash flows for the year then ended in accordance with Accounting Standards for Business

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
2010
(Expressed in Renminbi Yuan)

Enterprises.

3. Accounting year

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

4. Functional currency

The Group's functional and reporting currency is the Renminbi ("RMB"). Unless otherwise stated, the unit of the currency is Yuan.

5. Business combinations

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations are classified into business combinations involving entities under common control and business combinations involving entities not under common control.

Business combination involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory. For a business combination involving entities under common control, the party that, on the combination date, obtains control of another entity participating in the combination is the acquiring party, while that other entity participating in the combination is a party being acquired. Combination date is the date on which the acquiring party effectively obtains control of the party being acquired.

Assets and liabilities that are obtained by the acquiring party in a business combination shall be measured at their carrying amounts at the combination date as recorded by the party being acquired. The difference between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination (or the aggregate face value of shares issued as consideration) shall be adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess shall be adjusted against retained earnings.

Business combination involving entities not under common control

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

The acquirer shall measure the acquiree's identifiable assets, liabilities and contingent liabilities acquired in the business combination at their fair values on the acquisition date.

Where the sum of the fair value of the consideration transferred (or the fair value of the issued equity securities) and the fair value of the acquirer's previously held equity interest in the acquiree exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be recognized as goodwill and measured at cost less any accumulated impairment losses. Where the sum of the fair value of the consideration transferred (or the fair value of the issued equity securities) and the fair value of the acquirer's previously held equity interest in the acquiree is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference shall be accounted for according to the following requirements: (i) the acquirer shall reassess the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the fair value of the consideration transferred (or the fair value of the issued equity securities) and the fair value of the acquirer's previously held equity interest in the acquiree; (ii) if after that reassessment, the sum of the fair value of the consideration transferred (or the fair value of the issued equity securities) and the fair value of the acquirer's previously held equity interest in the acquiree is still less than the acquirer's interest in the fair values of the acquiree's identifiable net assets, the acquirer shall recognize the remaining difference immediately in the income statement for the current period.

6. Consolidated financial statements

The scope of consolidation of consolidated financial statements is determined based on control, and includes the financial statements of the Company and its subsidiaries for the year ended 31 December 2010. A subsidiary is an enterprise or entity that is controlled by the Group.

Consolidated financial statements are prepared using uniform reporting dates and accounting policies. All significant intercompany transactions and balances within the Group are eliminated on consolidation.

When the current loss belong to minorities of the subsidiary exceeds the beginning equity of the subsidiary belong to minorities, the exceeded part will still deduct the equity belong to minorities. The changes of the equity belong to minorities without loss of control is regarded as capital transaction.

With respect to subsidiaries acquired through business combinations involving

entities not under common control, the operating results and cash flows of the acquiree should be included in the consolidated financial statements, from the day that the Group gains control, till the Group ceases the control of it. While preparing the consolidated financial statements, the acquirer should adjust the subsidiary's financial statements, on the basis of the fair values of the identifiable assets, liabilities and contingent liabilities recognized on the acquisition date.

With respect to subsidiaries acquired through business combinations involving entities under common control, the operating results and cash flows of the acquiree should be included in the consolidated financial statements from the beginning of the period in which the combination occurs.

7. Cash and cash equivalents

Cash comprises cash on hand and bank deposits which can be used for payment at any time; Cash equivalents are short-term, highly liquid investments held by the Company, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Foreign currency translation

The Company translates the amount of foreign currency transactions occurred into functional currency.

The foreign currency transactions are recorded, on initial recognition in the functional currency, by applying to the foreign currency amount at the spot exchange rate as at the transaction dates. Foreign currency monetary items are translated using the spot exchange rate quoted by the People's Bank of China at the balance sheet date. The exchange gains or losses arising from occurrence of transactions and exchange of currencies, except for those relating to foreign currency borrowings specifically for construction and acquisition of fixed assets capitalized, are dealt with in the profit and loss accounts. Non-monetary foreign currency items measured at historical cost remain to be translated at the spot exchange rate prevailing on the transaction date, and the amount denominated in the functional currency should not be changed. Non-monetary foreign currency items measured at fair value should be translated at the spot exchange rate prevailing on the date when the fair values are determined. The exchange difference thus resulted should be charged to the current income or capital surplus account of the current period.

When preparing consolidated financial statements, the financial statements of the subsidiaries presented in foreign currencies are translated into Renminbi as follows: asset and liability accounts are translated into Renminbi at exchange rates ruling at the balance sheet date; shareholders' equity accounts other than retained profits are translated into Renminbi at the applicable exchange rates ruling at the transaction dates; items in income statement other than profit appropriation statement are translated into Renminbi at spot exchange rates on transaction occurrence; total difference between translated assets and translated liabilities and shareholders' equity is separately listed as "foreign currency exchange differences" below retained profits. The translation difference arising from the settlement of oversea subsidiaries is charged to the current liquidation profit and loss in proportion to the settlement ratio of the assets concerned.

Foreign currency cash flows and the cash flows of foreign subsidiaries should be translated using the average exchange rate prevailing on the transaction month during which the cash flows occur. The amount of the effect on the cash arising from the change in the exchange rate should be separately presented as an adjustment item in the cash flow statement.

9. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Recognition and derecognition

The Group recognizes a financial asset or a financial liability on its balance sheet, when the Group becomes a party to the contractual provision of the instrument.

The Group derecognizes a financial asset (or part of a financial asset, or part of a Company of similar financial assets) when the following conditions are met:

- (1) the rights to receive cash flows from the asset have expired;
- (2) the Group retains the rights to receive cash flows from the asset, or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

If the underlying obligation of a financial liability has been discharged or cancelled or has expired, the financial liability is derecognized. If an existing financial liability is replaced by the same creditor, with a new financial liability that has substantially different terms, or if the terms of an existing financial liability are substantially revised, such replacement or revision is accounted for as the derecognition of the original liability and the recognition of a new liability, and the difference thus resulted is recognized in profit or loss for the current period.

When buy or sell financial instruments under a normal way, financial instruments are recognized or derecognized according to the transaction date accounting. A normal way to buy or sell financial instruments refers to, according to the contract terms, receive or deliver financial instruments within the period as required by legal regulation or generally accepted guidelines. Transaction date refers to the date when the Group committed to buy or sell financial instruments.

Classification and measurement of financial assets

Financial assets are, on initial recognition, classified into the following categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables, available-for-sale financial assets, and the derivatives designated as effective hedging instrument. The classification of financial assets is determined on initial recognition. A financial asset is recognized initially at fair value. In the case of financial assets at fair value through profit or loss, relevant transaction costs are directly charged to the profit and loss of the current period; transaction costs relating to financial assets of other categories are included in the amount initially recognized.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and those designated upon initial recognition as at fair value through profit or loss. A financial asset held for trading is the financial asset that meets one of the following conditions: the financial asset is acquired for the purpose of selling it in a short term; the financial asset is a part of a group of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this group for the purpose of short-term profits; the financial asset is a derivative, except for a derivative that is designated as 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 from an active market) whose fair value cannot be reliably measured. For such kind of financial assets, fair values are adopted for subsequent

measurement. All the realized or unrealized gains or losses on these financial assets are recognized in profit or loss for the current period. Dividend or interest income related to financial assets at fair value through profit or loss is recognized in profit or loss for the current period.

Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity that an entity has the positive intention and ability to hold to maturity. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such kind of financial assets are subsequently measured at amortized cost using the effective interest method. Gains or losses arising from derecognition, impairment or amortization are recognized in profit or loss for the current period.

Available-for-sale financial assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as available for sale or are not classified as the above financial assets. After initial recognition, available-for-sale financial assets are measured at fair value. The premium/discount is amortized using effective interest method and recognized as interest income or expense. A gain or loss arising from a change in the fair value of an available-for-sale financial asset is recognized in other comprehensive income as a component of capital reserve, except for impairment losses and foreign exchange gains and losses resulted from monetary financial assets, until the financial asset is derecognized or determined to be impaired, at which time the accumulated gain or loss previously recognized in capital reserve is removed from capital reserve and recognized in profit or loss for the current period. Interests and dividends relating to an available-for-sale financial asset are recognized in profit or loss for the current period.

Classification and measurement of financial liabilities

The Group's financial liabilities are, on initial recognition, classified into the following categories: financial liabilities at fair value through profit or loss, other financial liabilities, and the derivatives designated as effective hedging instrument. The classification of financial liabilities is determined on initial recognition. For financial liabilities at fair value through profit or loss,

relevant transaction costs are directly recognized in profit or loss for the current period, and transaction costs relating to other financial liabilities are included in the initial recognition amounts.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and those designated as at fair value through profit or loss. A financial liability held for trading is the financial liability that meets one of the following conditions: the financial liability is assumed for the purpose of repurchasing it in a short term; the financial liability is a part of a group of identifiable financial instruments that are collectively managed, and there is objective evidence indicating that the enterprise recently manages this group for the purpose of short-term profits; the financial liability is a derivative, except for a derivative that is 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 form an active market) whose fair value cannot be reliably measured. For such kind of financial liabilities, fair values are adopted for subsequent measurement. All the realized or unrealized gains or losses on these financial liabilities are recognized in profit or loss for the current period.

Other financial liabilities

After initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

Derivative financial instruments

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently revaluated at fair value. Derivatives are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

Any gains or losses arising from changes in fair value on derivatives that do not qualify for hedge accounting are directly recognized in the income statement.

Fair value of financial instruments

If there is an active market for a financial asset or financial liability, the Group determines the fair value by using the quoted prices. If no active market exists for a financial instrument, the Group establishes fair value by using a valuation technique. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties'

reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models.

Impairment of financial assets

The Group assesses the carrying amount of a financial asset, at the balance sheet date. If there is objective evidence that the financial asset is impaired, the Group makes provision for the impairment loss. Objective evidence that a financial asset is impaired is evidence arising from one or more events that occurred after the initial recognition of the asset and that event has an impact on the estimated future cash flows of the financial asset which can be reliably estimated.

Financial assets carried at amortized cost

If objective evidence shows that the financial assets carried at amortized cost are impaired, the carrying amount of the financial asset shall be reduced to the present value of the estimated future cash flow (excluding future credit losses that have not been incurred). The amount of reduction is recognized as an impairment loss in the income statement. Present value of estimated future cash flow is discounted at the financial asset's original effective interest rate and includes the value of any related collateral.

If a financial asset is individually significant, the Group assesses the asset individually for impairment, and recognizes the amount of impairment in the income statement if there is objective evidence of impairment. For a financial asset that is not individually significant, the Group can include the asset in a group of financial assets with similar credit risk characteristics and collectively assess them for impairment [or assess the asset individually for impairment]. For financial assets that are not impaired upon individual tests (including financial assets that are individually significant or insignificant), impairment tests should be conducted on them again by including them in the group of financial assets. Assets for which an impairment loss is individually recognized will not be included in a collective assessment of impairment.

If, subsequent to the recognition of an impairment loss on a financial asset carried at amortized cost, there is objective evidence of a recovery in value of the financial asset which can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and recognized in the income statement. However, the reversal shall not result in a carrying amount of the financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

Available-for-sale financial assets

When there is objective evidence that the asset is impaired, the cumulative loss from declines in fair value that had been recognized directly in capital reserve are removed from equity and recognized in the income statement. The amount of the cumulative loss that is removed from capital reserves and recognized in the income statement (net of any principal repayment and amortization) and current fair value, less any impairment loss on that financial asset previously recognized in the income statement.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be related objectively to an event occurring after the impairment was recognized in the income statement, the previously recognized impairment loss shall be reversed with the amount of the reversal recognized in the income statement. Impairment losses recognized in the income statement for a debt instrument investment shall not be reversed through profit or loss.

Financial assets carried at cost

If objective evidence shows that the financial assets carried at cost are impaired, the difference between the present value discounted at the prevailing rate of return of similar financial assets and the book value of the financial asset are provided as a provision. The impairment loss recognized cannot be reversed.

For long-term equity investments, which are accounted for according to the cost method set out by Accounting Standards for Business Enterprises No. 2 - Long-term Equity Investments and has no quoted market price in active markets, and whose fair values cannot be reliably measured, their impairment should also be treated in accordance with the above principle.

Transfer of financial assets

If the Group transfers substantially all the risks and rewards of ownership of the financial asset, the Group derecognizes the financial asset; and if the Group retains substantially all the risks and rewards of the financial asset, the Group does not derecognize the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, the Group determines whether it has retained control of the financial asset. In this case: (i) if the Group has not retained control, it derecognizes the financial asset and recognize separately as assets or liabilities any rights and obligations created not retained in the transfer; (ii) if the Group has retained control, it continues to recognize the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability.

10. Accounts receivable

- (1) Accounts receivable which is individually significant and analyzed individually for provision

Criterion for individually significant items and analyzed individually for provision	The balance larger than 15 million of non-related parties
Method for individually significant items and analyzed individually for provision	Analyzed individually for provision and recognized as the difference between recoverable value and book value

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(2) Accounts receivable analyzed by group for provision

Criterion for group	
Group 1	The balance other than individually significant items of non-related parties
Group 2	The balance of related parties
Method for the provision of group	
Group 1	Analyzed for provision according to aging analysis
Group 2	Analyzed individually for provision and recognized as the difference between recoverable value and book value

Within group, the provision analyzed according to aging analysis:

Aging	Accounts receivable Provision percentage (%)	Other receivables Provision percentage (%)
Within 1 year		
Within 6 months	0	0
6 to 12 months	5	5
1 to 2 years	10	10
2 to 3 years	30	30
Above 3 years		
3 to 4 years	50	50
4 to 5 years	80	80
Above 5 years	100	100

(3) Accounts receivable which is individually insignificant but analyzed individually for provision

Criterion for individually analysis for provision	When there is objective evidence that the receivable is impaired and the future recoverable possibility is little, the provision will be analyzed individually.
Method for provision	The provision is recognized as the difference between recoverable value and book value

11. Inventory

(1) The classification of inventory

Inventory includes raw materials, goods in transit, work in progress, finished goods, consigned processing materials, and low-value consumables.

(2) The valuation of issued inventory

Inventory is initially carried at the actual cost. Inventory costs comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventory to its present location and condition.

Weighted average method is assigned to the determination of actual costs of inventories. One-off writing off method is adopted in amortization of packaging materials and low-value consumables.

(3) The net realizable value of inventory

At the balance sheet date, the inventory is stated at the lower of cost and net realizable value. If the cost is higher than the net realizable value, provision for the inventory should be made through profit or loss. If factors that resulted in the provision for the inventory have disappeared and made the net realizable value higher than their book value, the amount of the write-down should be reversed, to the extent of the amount of the provision for the inventory, and the reversed amount should be recognized in the income statement for the current period.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The impairment provision should be made on a basis of each item of finished goods according to the difference between cost and net realizable value. For large numbers of inventories at relatively low unit prices, the provision for loss on decline in value of inventories should be made by category.

(4) The inventory system

The Group applies a perpetual inventory system.

12. Long-term equity investments

Long-term equity investments include investments in subsidiaries, joint ventures and associates, and capital investment which the Group does not control of the investee enterprise, or does not have jointly control or significant influence on the investee enterprise, the fair value of which cannot be reliably measured due to the fact they are not quoted in an active market.

(1) Initial investment cost

The long-term investments are initially recorded at cost on acquisition. It is accounted for using either the cost method or the equity method as appropriate under the following circumstances.

Cost method is applied to account for long-term equity investments, when the Group has control of the investee enterprise, or does not have jointly control or significant influence on the investee enterprise, the fair value of which cannot be reliably measured due to the fact they are not quoted in an active market.

Under cost method, the long-term equity investment is valued at the cost of the initial investment. Profit or cash dividends declared by the invested enterprise are recognized as investment income for the current period. The amount of investment income recognized is limited to the amount distributed out of accumulated net profit of the invested enterprise that arises after the investment is made. The amount of profit or cash dividends declared by the invested enterprise in excess of the above threshold is treated as return on investment cost, and netted against the carrying amount of investments.

The equity method is applied to account for long-term equity investments, when the Group has jointly control, or significant influence on the investee companies.

Under equity method, when the initial investment cost of a long-term equity investment exceeds the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference between them is accounted for as an initial cost. As to the initial investment cost is less than the investing enterprise's interest in the fair values of the investee's identifiable net assets at the acquisition date, the difference shall be charged to the income statement for the current period, and the cost of the long-term equity investment shall be adjusted accordingly.

(2) Subsequent measurement and recognition of profit or loss

Under equity method, the Group recognizes its share of post-acquisition equity in the investee enterprise for the current period as a gain or loss on investment, and also increases or decreases the carrying amount of the investment. When recognizing its share in the net profit or loss of the investee entities, the Group should, based on the fair values of the

identifiable assets of the investee entity when the investment is acquired, in accordance with the Group's accounting policies and periods, after eliminating the portion of the profits or losses, arising from internal transactions with joint ventures and associates, attributable to the investing entity according to the share ratio (but losses arising from internal transactions that belong to losses on the impairment of assets, should be recognized in full), recognize the net profit of the investee entity after making appropriate adjustments. The book value of the investment is reduced to the extent that the Group's share of the profit or cash dividend declared to be distributed by the investee enterprise. However, the share of net loss is only recognized to the extent that the book value of the investment is reduced to zero, except to the extent that the Group has incurred obligations to assume additional losses. The Group shall adjust the carrying amount of the long-term equity investment for other changes in owners' equity of the investee enterprise (other than net profits or losses), and include the corresponding adjustments in equity, which should be realized through profit or loss in subsequent settlement of the respective long-term investment.

On settlement of a long-term equity investment, the difference between the proceeds actually received and the carrying amount shall be recognized in the income statement for the current period.

13. Investment real estates

Investment real estates are the real estates held for generating rent and/or capital appreciation, including rented right to the use of land, the right to the use of land which is held and prepared for transfer after appreciation, and the right to the use of rented building.

The initial measurement of the investment real estate shall be made at its actual cost. The follow-up expenses pertinent to an investment real estate shall be included in the cost of the investment real estate, if the economic benefits pertinent to this real estate are likely to flow into the enterprise, and, the cost of the investment real estate can be reliably measured. Otherwise, they should be included in the current profits and losses upon occurrence.

The group adopts the cost pattern to make follow-up measurement to the investment real estate. The buildings are depreciated under straight-line method. The rights to the use of land are amortized under straight-line method within its useful life.

14. Fixed assets

(1) Recognition of fixed assets

A fixed asset shall be recognized only when the economic benefits associated with the asset will flow to the Group and the cost of the asset can be measured reliably. Subsequent expenditure incurred for a fixed asset that meet the recognition criterial shall be included in the cost of the fixed asset, and the book value of the component of the fixed asset that is replaced shall be derecognized. Otherwise, such expenditure shall be recognized in the income statement in the period in which they are incurred.

Fixed assets are initially measured at actual cost on acquisition. The cost of a purchased fixed asset comprises the purchase price, relevant taxes and any directly attributable expenditure for bringing the asset to working condition for its intended use, such as delivery and handling costs, installation costs and other surcharges.

Fixed assets are depreciated on straight-line basis. The estimated useful lives, estimated residual values and annual depreciation rates for each category of fixed assets are as follows:

(2) Depreciation method of fixed assets

Category	Deprecation period	Residual rate (%)	Yearly depreciation rate (%)
Buildings	20 to 40 years	3%	2.43%-4.85%
Machinery (Note)	10 to 20 years	3%	4.85%-9.7%
Vehicles	5 to 8 years	3%	12.13%-19.4%
Others	5 years	3%	19.4%

Note: the mould tools in machinery should be depreciated in proportionate to the estimated production.

(3) Others

The Group reviews the useful life and estimated net residual value of a fixed asset and the depreciation method applied at least at the end of each year and makes adjustments if necessary.

15. Construction in progress

The cost of construction in progress is determined according to the actual expenditure for the construction, including all necessary construction expenditure incurred during the construction period, borrowing costs that should be capitalized before the construction reaches the condition for intended use and other relevant expenses.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use.

16. Borrowing costs

Borrowing costs are interest and other costs incurred by the Group in connection with the borrowing of the funds. Borrowing costs include interest, amortization of discounts or premiums related to borrowings, ancillary costs incurred in connection with the arrangement of borrowings, and exchange differences arising from foreign currency borrowings.

The borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized. A qualifying asset is an asset (an item of property, plant and equipment and inventory etc.) that necessarily takes a substantial period of time to get ready for its intended use of sale.

The capitalization of borrowing costs are as part of the cost of a qualifying asset shall commence when:

- (a) expenditure for the asset is being incurred;
- (b) borrowing costs are being incurred; and
- (c) activities that are necessary to prepare the asset for its intended use or sale are in progress.

Capitalization of borrowing costs shall cease when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale. And subsequent borrowing costs are recognized in the income statement.

During the capitalization period, the amount of interest to be capitalized for each accounting period shall be determined as follows:

- (a) where funds are borrowed for a specific-purpose, 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;
- (b) where funds are borrowed for a general-purpose, the amount of interest to be capitalized on such borrowings is determined by applying a weighted average interest rate to the weighted average of the excess amounts of cumulative expenditure on the asset over and above the amounts of specific-purpose borrowings.

During the construction or manufacture of assets that are qualified for capitalization, if abnormal discontinuance, other than procedures necessary for their reaching the expected useful conditions, happens, and the duration of the discontinuance is over three months, the capitalization of the borrowing costs is suspended. Borrowing costs incurred during the discontinuance are recognized as expense and charged to the income statement of the current period, till the construction or manufacture of the assets resumes.

17. Intangible assets

The useful life of the intangible assets shall be assessed according to the estimated beneficial period expected to generate economic benefits. An intangible asset shall be regarded as having an indefinite useful life when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group.

The useful lives of the intangible assets are as follow:

	Useful life
Land use right	25 to 61 years
Software	2 years
Trademark	15 years
Non-patent technology	5 years

Land use rights that are purchased or acquired through the payment of land use fees are accounted for as intangible assets. With respect to Self-developed properties, the corresponding land use right and buildings should be recorded as intangible and fixed assets separately. As to the purchased properties, if encountered the reasonable allocation of outlays between land and buildings, all assets purchased will be recorded as fixed assets.

The cost of a finite useful life intangible asset is amortized using the straight-line method during the estimated useful life. For an intangible asset with a finite useful life, the Group reviews the estimated useful life and

amortization method at least at the end of each year and adjusts if necessary.

18. Research and development expenditures

The Group classified the internal research and development expenditures as follows: research expenditures and development cost.

The expenditures in research stage are charged to the current income on occurrence.

The expenditures in development stage are capitalized that meet all the conditions of (a) it is feasible technically to finish intangible assets for use or sale; (b) it is intended to finish and use or sell the intangible assets; (c) the usefulness of methods for intangible assets to generate economic benefits shall be proved, including being able to prove that there is a potential market for the products manufactured by applying the intangible assets or there is a potential market for the intangible assets itself or the intangible assets will be used internally; (d) it is able to finish the development of the intangible assets, and able to use or sell the intangible assets, with the support of sufficient technologies, financial resources and other resources; and The development expenditures of the intangible assets can be reliably measured. Expenses incurred that don't meet the above requirements unanimously should be expensed in the income statement of the reporting period.

The Company discriminates between research and development stage with the condition that the project research comes into project-determination stage, in which the relevant research complete all the fractionalization of products measurements and final product scheme under final approval of management. The expenditures incurred in and before project-determination stage is charged to the current income, otherwise it is recorded as development cost.

19. Contingent liabilities

The Group recognizes an contingent liability when the obligation arising from a contingency meets the following conditions:

- the obligation is a present obligation of the Group;
- it is probable that an outflow of economic benefits from the Group will be required to settle the obligation;
- a reliable estimate can be made of the amount of the obligation.

Contingent liabilities are initially measured according to the current best

estimate for the expenditure necessary for the performance of relevant present obligations, with comprehensive consideration given to factors such as the risks, uncertainty and time value of money relating to contingencies. The book value of the contingent liabilities should be reviewed at each balance sheet date. If there is definite evidence showing that the book value cannot reflect the present best estimate, the book value should be adjusted according to the best estimate.

20. Buy back of shares

The expenses or consideration paid for buy-back of capital instruments is a deduction of total owner's equity. The issue, buy-back, sell or write-off of capital instruments are not recognized as profit or loss.

21. Revenue

Revenue is recognized only when an inflow of economic benefits is probable, the amount of which can be reliably measured, and all of the following conditions are qualified.

Revenue from the sale of goods

The Group has transferred to the buyer the significant risks and rewards of ownership of the goods; the Group retains neither continuing management involvement to the degree usually associated with ownership nor effective control over the goods sold; the amount of revenue can be measured reliably.

Revenue from the rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably at the balance sheet date, revenue associated with the transaction is recognized using the percentage of completion method, or otherwise, the revenue is recognized to the extent of costs incurred that are expected to be recoverable. The outcome of a transaction involving rendering of services can be estimated reliably when all of the following conditions are satisfied: the amount of revenue can be measured reliably; it is probable that the associated economic benefits will flow to the Group; the stage of completion of the transaction can be measured reliably; the costs incurred and to be incurred for the transaction can be measured reliably. The Group determines the stage of completion of a transaction involving the rendering of services by using the proportion of services performed to date to the total services to be performed.

Interest income

It should be measured based on the length of time for which the Group's cash is used by others and the applicable effective interest rate.

Rental income

Rental income from operating leases is recognized by the lesser in the income statement on a straight-line basis over the lease term.

22. Government grants

A government grant is recognized only when there is reasonable assurance that the entity will comply with any conditions attached to the grant and the grant will be received. Monetary grants are accounted for at received or receivable amount. Non-monetary grants are accounted for at fair value. If there is no reliable fair value available, the grants are accounted for at nominal amount. A grant relating to income, which as compensation for future costs, is recognized as deferred income initially, and as income when the related cost incurs. The grant as compensation for costs already incurred should be recognized as income for the current period. A grant relating to assets is recognized as deferred income initially, and as income evenly among the useful life of the related assets. The grant accounted for at nominal amount is recognized as income for the current period.

23. Leases

A finance lease is a lease that transfers in substance all the risks and rewards incident to ownership of an asset. An operating lease is a lease other than a finance lease.

The Group recording the operating lease as a lessee

Lease payments under an operating lease are recognized by a lessee on a straight-line basis over the lease term, and either included in the cost of another related asset or charged to the income statement for the current period.

The Group recording the operating lease as a lesser

Rental income under a finance lease is recognized by a lesser on a straight-line basis over the lease term, through profit or loss.

24. Employee benefits

Employee benefits are all forms of consideration given and other relevant expenditure incurred by the Group in exchange for service rendered by employees. During the accounting period that the employees render services to the Group, the employee benefits payable is recognized as a liability. When the termination benefits fall due more than 1 year after the balance sheet date, if the discounted value is material, it is reflected in present value.

The employees of the Group participate in social insurance, such as pension insurance, medical insurance, non-employment insurance, etc., and housing accumulation fund, which is managed by local government and the relevant expenditure, is recognized, when incurred, in the costs of relevant assets or the

profit and loss for the current period.

When the Group terminates the employment relationship with employees before the end of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision shall be recognized for the compensation arising from termination of employment relationship with employees, with a corresponding charge to the income statement for the current period, when both of the following conditions are satisfied: (a) the Group has a formal plan for termination of employment relationship, or has made an offer for voluntary redundancy, which will be implemented immediately; (b) the Group cannot unilaterally withdraw from the termination plan or the redundancy offer.

The same principle is applied to the early retirement plan, as it is for the above-mentioned termination benefits. The salaries, social insurance premiums, etc., to be paid for the early retired employees, during the period from the date when the employees stop rendering service to the normal retirement date, should be recognized as employee benefits payable and charged to the income statement of the current period, when the above conditions for recognizing the termination benefit plan are satisfied.

25. Income taxes

Income tax comprises current and deferred tax. Income tax is recognized as an income or an expense and include in the income statement for the current period, except to the extent that the tax arises from a business combination or if it relates to a transaction or event which is recognized directly in equity.

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.

For temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts, and temporary differences between the carrying amounts and the tax bases of items, the tax bases of which can be determined for tax purposes, but which have not been recognized as assets and liabilities, deferred taxes are provided using the liability method.

A deferred tax liability is recognized for all taxable temporary differences, except:

- (1) to the extent that the deferred tax liability arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction which contains both of the following characteristics: the transaction is not a business combination and at the time of the transaction, it affects neither the accounting profit nor taxable profit or loss.
- (2) in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in jointly-controlled enterprises, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the

foreseeable future.

A deferred tax asset is recognized for deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized except:

- (1) where the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- (2) in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are only recognized to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, according to the requirements of tax laws. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects at the balance sheet date, to recover the assets or settle the liabilities.

At the balance sheet date, the Group reviews the book value of deferred tax assets. If it is probable that sufficient taxable income cannot be generated to use the tax benefits of deferred tax assets, the book value of deferred tax assets should be reduced. When it is probable that sufficient taxable income can be generated, the amount of such reduction should be reversed.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes related to the same taxable entity and the same taxation authority.

26. Changes in accounting policies and accounting estimates

Within the consolidated financial statements, the current loss belong to minorities of the subsidiary exceeds the beginning equity of the subsidiary belong to minorities. According to the articles of association of subsidiaries or agreement, the minorities do not have the responsibility or do not have the ability to compensate the loss, so the loss deducts the share of equity belong to minorities. According to the No.4 Interpretation of Accounting Standards issued on July 2010, when the current loss belong to minorities of the subsidiary exceeds the beginning equity of the subsidiary belong to minorities, the exceeded part will still deduct the equity belong to minorities. Based on this article, the Group applied this change in accounting policies retrospectively.

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The influence of the above retrospective changes on 2009 and 2010 are as follows:

2010

	Opening balance/transaction before the change of accounting policy	The changes of equity belong to minority result from the change of accounting policy	Opening balance/transaction after the change of accounting policy
Retain earnings	3,623,954,435.60	94,816,111.02	3,718,770,546.62
Minority interest	143,040,527.31	(94,816,111.02)	48,224,416.29
Net profit belong to parent company	2,000,018,578.80	26,967,891.22	2,026,986,470.02
Minority of profit and loss	5,728,570.19	(26,967,891.22)	(21,239,321.03)

2009

	Opening balance/transaction before the change of accounting policy	The changes of equity belong to minority result from the change of accounting policy	Opening balance/transaction after the change of accounting policy
Retain earnings	2,706,071,671.34	58,047,112.61	2,764,118,783.95
Minority interest	146,541,141.18	(58,047,112.61)	88,494,028.57
Net profit belong to parent company	1,078,458,922.72	36,768,998.41	1,115,227,921.13
Minority of profit and loss	7,298,057.93	(36,768,998.41)	(29,470,940.48)

27. Impairment of assets

The Group determines the impairment of assets, other than the impairment of inventory, deferred income taxes, financial assets, and long-term equity investment which is measured by employing the cost method, for which there is no offer in the active market and of which the fair value cannot be reliably measured, using the following methods:

The Group assesses at the balance sheet date whether there is any indication that an asset may be impaired. If any indication exists that an asset may be impaired, the Group estimates the recoverable amount of the asset and performs impairment tests. Goodwill arising from a business combination and an intangible asset with an

indefinite useful life are tested for impairment at least at the end of every year, irrespective of whether there is any indication that the asset may be impaired.

The recoverable amount of an asset is the higher of its fair value less costs to sell and the present value of the future cash flow expected to be derived from the asset. The Group estimates the recoverable amount on an individual basis. If it is not possible to estimate the recoverable amount of the individual asset, the Group determines the recoverable amount of the asset group to which the asset belongs. Identification of an asset group is based on whether major cash flows generated by the asset group are largely independent of the cash flows from other assets or asset groups.

When the recoverable amount of an asset or asset group is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The impairment of asset is provided for and the impairment loss is recognized in the income statement for the current period.

For the purpose of impairment testing, the carrying amount of goodwill acquired in a business combination is allocated, on a reasonable basis, to related asset groups; if it is impossible to allocate to the related asset groups, it is allocated to each of the related sets of asset groups. Each of the related asset groups or related sets of asset groups is an group or set of asset group that is able to benefit from the synergies of the business combination and shall not be larger than a reportable segment determined by the Group.

When an impairment test is conducted on an asset group or a set of asset groups that contains goodwill, if there is any indication of impairment, the Group firstly tests the asset group or the set of asset groups excluding the amount of goodwill allocated for impairment, i.e., it determines and compares the recoverable amount with the related carrying amount and then recognize impairment loss if any. Thereafter, the Group tests the asset group or set of asset groups including goodwill for impairment, the carrying amount (including the portion of the carrying amount of goodwill allocated) of the related asset group or set of asset groups is compared to its recoverable amount. If the carrying amount of the asset group or set of asset groups is higher than its recoverable amount, the amount of the impairment loss is firstly eliminated by and amortized to the book value of the goodwill included in the asset group or set of asset groups, and then eliminated by the book value of other assets according to the proportion of the book values of assets other than the goodwill in the asset group or set of asset groups.

Once the above impairment loss is recognized, it cannot be reversed in subsequent periods.

28. Profit Distribution

The cash dividend of the Group is recognized as liabilities after the approval of general meeting of stockholders.

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29. Significant accounting judgments and estimates

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the balance sheet date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgments

When applying the accounting policies of the Group, except for accounting estimates, management will make accounting judgments which have significant effects on the financial statements:

The Group makes a judgment on whether there is any sign of possible assets impairment on the day of balance sheet date at least. If there is any sign of possible assets impairment, the assets concerned should be subject to impairment test based on the estimated recoverable amount. The recoverable amount shall be determined in light of the higher one of the net amount of the fair value of the assets minus the disposal expenses and the current value of the expected future cash flow of the assets. When making an estimate of the present value of the future cash flow of an asset, the Group should estimate the future cash flows of the asset or the relevant assets group, with the appropriate discount rate selected to reflect the present value of the future cash flows.

Uncertainty of accounting estimates

The crucial assumptions of significant accounting estimates in future and other crucial sources of estimated uncertainty, which may result in the significant adjustments to the book value of the subsequent accounting period, are as the following:

Impairment of goodwill

Goodwill is subject to the impairment test yearly at least, which brings the estimates of the use value of the assets group that is allocated in goodwill. When making an estimate of the use value of the assets concerning goodwill, the Group should estimate the future cash flows of the assets group concerned, with the appropriate discount rate to reflect the present value of the cash flows.

Bad Debt Provisions

Provisions are made under the allowance method. For each individually significant receivable, the impairment test should be conducted individually. Where there is evidence that indicates impairment, the loss should be recognized with the respective provision accrued, equaling to the difference between the present value of the future cash flows and the book value of receivables. For other receivables

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concerned, management should accrue the general provisions, along with the receivables individually tested while no impairment incurred, taking in account the collectability.

Development Expenditures

When determining the capitalization amount, management should make assumptions such as the expected cash flows of the assets related, the applicable discount rate and expected benefit period.

Deferred Tax Assets

The Group should recognize the deferred income tax assets arising from all the existing unutilized tax deficits and deductible temporary differences to the extent of the amount of the taxable income which it is most likely to obtain and which can be deducted from the deductible temporary differences. Enormous accounting judgments, as well as the tax planning are compulsory for management to estimate the time and amount of prospective taxable profits and thus determine the appropriate amount of the deferred tax assets concerned.

III. Taxes

1. The major categories of taxes and surcharges

Categories of taxes and surcharges	Basis of tax	Tax rate
Value added tax ("VAT")	The invoiced value of sales of goods and rendering of services, and is payable by the purchaser. The Group is required to pay the VAT it collects to the tax authority, but may deduct the VAT it has paid on eligible purchases.	17%
Business tax	Relevant revenue	1%-5%
Consumption tax	Relevant revenue	5%
City maintenance and construction surcharge	The turnover taxes paid	7%
Educational surcharge	The turnover taxes paid	3%
Corporate income tax	Taxable income	15% or 25%

2. Tax benefits

The Company is subject to the PRC EIT and local income tax. As the Company is qualified as a domestic enterprise in encouraged industries, the Company and the subsidiaries Chongqing Anfu Auto Mobile Co., Ltd and Chongqing Changan Special Automobile Co., Ltd are entitled to a preferential EIT rate of 15% from 2001 to 2010, in accordance to Circular on the Issue of Preferential Taxation Policies for Western Development Program (Paragraph 1, Article 2, No 202-2001) collectively issued by

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the Ministry of Finance, the National Taxation Bureau and the Customs General Administration of PRC and also approved by the Guo Shui Han-Yu (2002) No 186.

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IV. Consolidation scope

1. Subsidiary

(1) The subsidiary formed by establish or investment

Name of Subsidiaries	Type of company	Registered place	Nature of business	Registered capital (0,000)	Scope of business	Actual investment (0,000)	The other balance of investment	Total proportion of shareholders (%)	Total proportion of voting rights (%)	Consolidated or not	Minority interest	Amount of minority interest deducted the equity belong to minorities
Hebei Changan Automobile Co., Ltd	Co., Ltd.	Dingzhou	Manufactory	46,469	Manufacture and selling cars and spare parts	43,249	-	92.97	95.62	Yes	40,612,720.94	709,501.17
Chongqing Changan International Automobile Sales Co., Ltd	Co., Ltd.	Chongqing	Sales	1,376	Seller and agent of import / export services of commodities and techniques	1,307	-	95.00	95.00	Yes	(6,135,114.44)	654,307.96
Chongqing Changan Automobile Sales Co., Ltd	Co., Ltd.	Chongqing	Sales	4,850	Seller of cars and spare parts	4,850	-	100.00	100.00	Yes	-	-
Chongqing Changan Special Automobile sales Co., Ltd	Co., Ltd.	Chongqing	Sales	500	Seller of cars and spare parts	250	-	50.00	50.00	Yes	8,628,351.86	84,940.49
Chongqing Changan Automobile supporting service Co., Ltd.	Co., Ltd.	Chongqing	Sales	3,000	Seller of cars and spare parts	3,000	-	100.00	100.00	Yes	-	-
Chongqing Changan new Energy Automobile Co. Ltd	Co., Ltd.	Chongqing	R&D	2,900	Developer, Manufacturer and seller of new-energy cars	1,885	-	65.00	65.00	Yes	9,946,414.27	-
Chongqing Changan Europe Design Academy Co., Ltd.	Co., Ltd.	Turin, Italy	R&D	EUR 10	Research and development of vehicles	97	-	100.00	100.00	Yes	-	-
Changan United Kingdom R&D Center Co., Ltd.	Co., Ltd.	Nottingham, United Kingdom	R&D	GDP 10	Engine project planning, project management, feasibility studies, preliminary research	98	-	100.00	100.00	Yes	-	-

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					and other cutting-edge technology								
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(2) The subsidiary formed by business combination under common control

Name of Subsidiaries	Type of company	Registered place	Nature of business	Registered capital (0,000)	Scope of business	Actual investment (0,000)	The other balance of investment	Total proportion of shareholders (%)	Total proportion of voting rights (%)	Consolidated or not	Minority interest	Amount of minority interest deducted the equity belong to minorities
Chongqing Changan Automobile sales subsidiaries	Co., Ltd	PRC	Sales	1,400	Seller of cars and spare parts	1,400	-	100	100	Yes	-	-

(3) The subsidiary formed by business combination not under common control

Name of Subsidiaries	Type of company	Registered place	Nature of business	Registered capital (0,000)	Scope of business	Actual investment (0,000)	The other balance of investment	Total proportion of shareholders (%)	Total proportion of voting rights (%)	Consolidated or not	Minority interest	Amount of minority interest deducted the equity belong to minorities
Nanjing Changan Automobile Co., Ltd	Co., Ltd	Nanjing	Manufacturer	60,181	Manufacture and selling cars and spare parts	41,381	-	82.47	91.53	Yes	(85,696,624.34)	-

The difference between proportion of voting shares and proportion of shares held is resulted due to the voting right consigned from minority share holders.

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2. Consolidation scope

Although the Group owns more than half of the voting power of the following investees, it does not have control over the investees as:

Joint venture	Registered place	Nature of Business	Registered capital (0,000)	Actual investment (0,000)	Total proportion of shareholders		Total proportion of voting rights (%)	Company code
					Directly (%)	In directly (%)		
Chongqing Changan Suzuki Automobile Co., Ltd.	Chongqing	Manufacture and selling cars and spare parts	USD 19,000	23,991	51.00	-	51.00	62190016-7

The parent company does not have control over Jiangling Holding Co., Ltd (Hereafter simply called as 'Jiangling Holding'), due to the fact that neither main financial nor operating proposals of the company can be decided by the parent company. Therefore, it is not included in scope of consolidated financial statements, and the retrospective adjustments have been made.

In 2010, the consolidated scope decrease by the merge of Chongqing Changan Automobile Mould Co. Ltd. and the disposal of Chongqing Anfu Automobile Co., Ltd. , and the scope increase by the establish of Changan United Kingdom R&D Center Co., Ltd.. Except of these, the scope of consolidated financial statements remains the same as the previous year.

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3. The change of consolidation scope

(1) Increase of the consolidation scope

Company	Net assets at 31 December 2010	Net profit from establish date
Changan United Kingdom R&D Center Co., Ltd.	981,934.40	-

(2) Decrease of the consolidation scope

Company	Net assets at disposal date	Net profit until disposal date
Chongqing Changan Automobile Mould Co. Ltd (Note 1)	101,183,033.85	(4,863,356.62)
Chongqing Anfu Automobile Co., Ltd. (Note 2)	67,899,158.36	5,376,672.56

Note 1: Chongqing Changan Automobile Mould Co. Ltd was merged by the Company on 31 March 2010. Refer to Item 5 Note IV.

Note 2: The total shares of equity of Chongqing Anfu Automobile Co., Ltd. were transferred by the Company. Refer to Item 4 Note VI.

4. The current business combination under common control

The combined party	Criterion for under common control	The actual controller	Revenue from beginning to consolidate date	Net assets from beginning to consolidate date	Operating cash flow from beginning to consolidate date
Chongqing Changan Jinling Vehicles Parts Co., Ltd.	Controlled by the same parent company	China Changan	633,977,072.77	(48,234,945.07)	23,433,013.90

On May 2010, the Company purchased the 97.1% shares of Chongqing Changan Jinling Vehicles Parts Co., Ltd. for RMB 132,346,160.00 from the parent company: China Changan. Since both sides of combination are under the common control of the same parent company, this merge is regarded as the business combination under common control. The combination date is 31 May, which is based on the transaction date on No. 20100607084211 Certification of Property Rights issued by Chongqing United Property Exchange and the payment date is June 2010. After the combination, Changan Jinling became the subsidiary of the Company.

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The book value of assets and liabilities of Changan Jingling on the combination date are as follows:

	31 May 2010	31 December 2009
Assets		
Cash	204,864,050.80	197,880,849.82
Notes receivable	15,450,000.00	70,815,800.00
Accounts receivable	54,277,072.35	48,063,541.96
Prepayments	120,581,508.63	72,266,866.83
Other receivables	10,120,275.91	3,331,595.45
Inventory	145,362,176.18	204,549,252.67
Long-term equity investments	39,497,720.81	12,186,425.29
Fixed assets	182,087,962.74	219,497,267.72
Construction in progress	19,079,684.45	18,633,035.36
Intangible assets	7,015,704.05	7,041,784.05
Long-term deferred expenses	28,778,025.82	1,304,131.50
Deferred tax assets	1,127,513.76	2,099,901.99
Liabilities		
Short-term loans	145,000,000.00	125,000,000.00
Notes payable	105,950,000.00	104,379,691.23
Accounts payable	239,718,168.17	275,850,049.66
Other payables	131,914,358.55	107,890,277.64
Advances from customers	31,516,270.14	12,228,004.46
Payroll payable	2,495,456.63	2,451,976.18
Tax payable	4,887,905.15	7,816,849.90
Non-current liabilities within one year	70,000,000.00	75,000,000.00
Owners' equity		
Share capital	100,000,000.00	100,000,000.00
Capital reserves	7,168,733.42	7,168,733.42
Retained earnings	(36,383,563.18)	(8,721,934.88)
Total	70,785,170.24	98,446,798.54
Minority interests	25,974,366.62	48,606,805.03
Interests belong to parent company	70,785,170.24	
Add: Consolidation difference	64,460,989.76	
Less: Beginning balance of long-term equity investment	2,900,000.00	

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Consideration of combination	132,346,160.00	
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5. Current merge

Type of merge	Combined assets		Combined liabilities	
	Item	Amount	Item	Amount
Business combination under common control				
Chongqing Changan Jinling Vehicles Parts Co., Ltd.	Cash	234,327,064.93	Short-term loan	125,000,000.00
	Notes receivable	9,450,520.00	Notes payable	28,950,520.00
	Accounts receivable	88,470,428.50	Accounts payable	
	Inventory	71,966,110.81	Other payables	230,251,552.14
	Other receivables	1,213,242.69	Advances from customers	109,268,367.52
	Prepayments	65,607,309.35	Accrued expenses	7,695,484.77
	Construction in progress	7,327,155.43	Long-term loan	
	Fixed assets	193,059,046.74		21,072,223.32
	Intangible assets	7,053,802.93		65,000,000.00
	Long-term equity investments	6,714,720.64		
	Deferred tax assets	1,127,513.76		
Chongqing Changan Automobile Mould Co. Ltd	Cash	21,900,479.74	Other payables	23,437,605.49
	Notes receivable	4,000,000.00	Notes payable	4,000,000.00
	Accounts receivable	6,491,496.50	Accounts payable	
	Other receivables	35,000.00	Advances from customers	50,845,217.46
	Inventory	54,583,628.09	Long-term loan	8,110.40
	Prepayments	34,106.96		39,000,000.00
	Fixed assets	102,813,986.01		
	Intangible assets	28,615,269.90		

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V. Notes to the consolidated financial statements

1. Cash and cash equivalents

Item	2010			Restated 2009		
	Original currency	Exchange rate	Equivalent to RMB	Original currency	Exchange rate	Equivalent to RMB
Cash	-	-	16,704.99	-	-	91,649.54
RMB	-	-	16,704.99	-	-	91,649.54
Cash in bank	-	-	4,200,981,437.12	-	-	3,505,712,554.80
RMB	-	-	4,181,196,023.65	-	-	3,492,078,487.03
USD	2,987,514.68	6.6227	19,785,413.47	1,840,447.49	6.8282	12,566,943.55
HKD	-	-	-	151.08	0.8805	133.03
EUR	-	-	-	108,908.88	9.7971	1,066,991.19
Other cash	-	-	190,991,907.61	-	-	152,576,724.16
RMB	-	-	190,991,907.61	-	-	85,493,540.57
HKD	-	-	-	76,189,602.03	0.8805	67,083,183.59
Total	-	-	4,391,990,049.72	-	-	3,658,380,928.50

On 31 December 2009, the book value of restricted ownership of cash and cash equivalent is RMB 190,991,907.61 (On 31 December 2009: RMB 85,493,540.57), whose title was restricted for acceptance bill.

Interest income earned on current deposits is calculated by using current deposit interest rate. Term of short-term fixed deposits is 6 months which depends on the demand of the Group. Interest income earned on fixed deposits is calculated by using fixed deposit interest rate.

2. Notes receivable

(1) Classification of notes receivable

Type	2010	Restated 2009
Commercial acceptance bill	2,021,806,933.00	1,523,503,760.00

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Bank acceptance bill	6,800,021,826.39	5,498,829,831.84
Total	8,821,828,759.39	7,022,333,591.84

- (2) On 31 December 2010, there are no notes pledged (On 31 December 2009: nil).
- (3) On 31 December 2010, there are no notes converted into accounts receivable due to remitter's inability to fulfill the payment (On 31 December 2009: nil).
- (4) On 31 December 2010, there are no notes discounted but not terminated (On 31 December 2009: nil).
- (5) On 31 December 2010, there are no notes receivable endorsed to the others but not terminated (On 31 December 2009: nil).

3. Accounts receivable

- (1) An aged analysis of the accounts receivable as at the balance sheet date is as follows:

	2010	Restated 2009
Within 1 year	383,161,327.97	157,469,810.44
1 to 2 years	18,282,977.62	27,288,387.91
2 to 3 years	3,926,131.36	6,443,036.93
Over 3 years	<u>71,695,353.78</u>	<u>63,983,882.68</u>
	477,065,790.73	255,185,117.96
Less: Provision	<u>73,056,791.02</u>	<u>72,193,937.10</u>
	<u>404,008,999.71</u>	<u>182,991,180.86</u>

- (2) An type analysis of the accounts receivable as at the balance sheet date is as follows:

Item	2010				Restated 2009			
	Balance		Provision		Balance		Provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant items and analyzed individually for provision	140,520,527.81	29.46	21,574,276.53	15.35	21,410,982.64	8.40	21,410,982.64	100
Accounts receivable analyzed as groups for provision								
Group 1. Accounts receivable analyzed for provision according	102,280,303.05	21.44	36,143,432.14	35.34	124,833,396.67	48.98	35,678,201.51	22.82

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to aging analysis								
Group 2. Accounts receivable from related parties	218,925,877.52	45.89	-	-	91,598,577.27	35.93	-	-
Group subtotal	321,206,180.57	67.33	36,143,432.14	8.45	216,431,973.94	84.91	35,678,201.51	16.48
individually insignificant items but analyzed individually for provision	15,339,082.35	3.21	15,339,082.35	100	17,040,232.08	6.69	15,104,752.95	88.64
Total	477,065,790.73	100	73,056,791.02		254,883,188.66		72,193,937.10	

Within Groups, Accounts receivable analyzed for provision according to aging analysis:

Aging	2010			Restated 2009		
	Balance		Provision	Balance		Provision
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 6 months	56,679,315.92	55.42	-	82,471,883.63	66.07	-
6 to 12 months	5,099,583.42	4.99	254,979.17	3,019,121.45	2.42	150,956.07
Within 1 year subtotal	61,778,899.34	60.41	254,979.17	85,491,005.08	68.49	150,956.07
1 to 2 years	2,497,245.62	2.44	249,724.56	3,161,814.60	2.53	618,110.76
2 to 3 years	3,222,163.19	3.15	966,648.96	1,472,452.59	1.18	441,735.78
3 to 4 years	76,170.50	0.07	38,085.25	361,451.00	0.29	180,725.50
Over 5 years	34,346,673.40	33.58	34,346,673.40	300,000.00	0.24	34,046,673.40
Total	102,280,303.05	100.00	36,143,432.14	34,046,673.40	27.27	35,678,201.51

Within Groups, Accounts receivable analyzed for provision with other methods:

Group	2010		Restated 2009	
	Balance	Provision	Balance	Provision
Accounts receivable from related parties	218,925,877.52	-	91,598,577.27	-
Total	218,925,877.52	-	91,598,577.27	-

On 31 December 2010, individually insignificant items but analyzed individually for provision:

Details of accounts receivable	Balance	Provision	Provision Percentage	Reason for provision

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KARAKORAM MOTORS(PVT)LTD	7,719,759.43	7,719,759.43	100	Loss contact with customer and unlikely to be recover
AUTOHAUSG OBELNORTH CLIFF(PTY)LTD	6,119,941.69	6,119,941.69	100	The customer close to bankruptcy and unlikely to be recover
WASANATRA DINGLANKA(PVT)LTD	515,739.60	515,739.60	100	The customer broke its capital chain due to the civil unrest and unlikely to be recover
Others	983,641.63	983,641.63	100	Full provision for small amount receivables which have long aging
Total	15,339,082.35	15,339,082.35		

On 31 December 2009, individually insignificant items but analyzed individually for provision:

Details of accounts receivable	Balance	Provision	Provision Percent age	Reason for provision
KARAKORAM MOTORS(PVT)LTD	7,719,759.43	7,719,759.43	100	Loss contact with customer and unlikely to be recover
AUTOHAUSG OBELNORTH CLIFF(PTY)LTD	6,119,941.69	6,119,941.69	100	The customer close to bankruptcy and unlikely to be recover
WASANATRA DINGLANKA(PVT)LTD	2,451,218.73	515,739.60	21	The customer broke its capital chain due to the civil unrest and unlikely to be recover
Others	749,312.23	749,312.23	100	Full provision for small amount receivables which has a long aging
Total	17,040,232.08	15,104,752.95		

(3) There is no reversal of provision for bad debts or reception of accounts receivable with a bad debt provision during 2010 (2009: nil).

(4) There is no provision written off for bad debts during 2010 (2009: RMB11,192,343.69).

(5) On 31 December 2010, within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Parent Company's voting shares (On 31 December 2009: nil).

(6) On 31 December 2010, Top five debtors of accounts receivable are as follows:

Debtors	Relationship with the Group	Amount	Aging	Proportion of total accounts receivable (%)
First	Related parties	104,453,171.35	Within 1 year	21.89
Second	Related parties	70,938,383.34	Within 1 year	14.87

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Third	Non-related	51,982,469.58	Within 1 year	10.90
Fourth	Non-related	44,055,329.00	Within 1 year	9.23
Fifth	Non-related	23,071,746.59	Within 1 year	4.84
Total		294,501,099.86		61.73

On 31 December 2009, Top five debtors of accounts receivable are as follows:

Debtors	Relationship with the Group	Amount	Aging	Proportion of total accounts receivable (%)
First	Related parties	39,397,444.00	Within 1 year	15.46
Second	Non-related	21,410,982.64	Over 5 years	8.40
Third	Non-related	12,744,900.53	Over 5 years	5.00
Fourth	Non-related	12,359,798.01	Within 1 year	4.85
Fifth	Non-related	12,060,498.93	Within 1 year	4.73
Total		97,973,624.11		38.44

(7) On 31 December 2010, accounts receivable from related parties is as follows:

Debtors	Relationship with the Group	Amount	Proportion of total accounts receivable (%)
Chongqing Changan Suzuki Automobile Co., Ltd	Joint venture	13,078,027.67	2.56
Changan Ford Mazda Automobile Co., Ltd	Joint venture	104,453,171.35	21.89
Baoding Changan Car Manufacturing Co., Ltd	Controlled by the same ultimate holding company	1,103,629.63	0.22
Chongqing Changan Kuayue Automobile Co., Ltd	Controlled by the same ultimate holding company	17,706,938.98	3.47
Chengdu Lingchuan Special Industry Co., Ltd	Controlled by the same ultimate holding company	7,044,388.60	1.38
Changan Industries Group Co. Ltd	Controlled by the same ultimate holding company	704,465.30	0.14

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Chongqing Changan Min Sheng Logistics Co., Ltd.	Controlled by the same ultimate holding company	73,315.43	0.01
Chongqing Changan Lingyun Automobile Components Co., Ltd	Controlled by the same ultimate holding company	3,750,557.22	0.73
Chongqing Changan Real Estate Development Co., Ltd	Controlled by the same ultimate holding company	73,000.00	0.01
Hafei Automobile Co., Ltd.	Controlled by the same parent company	177,388,420.30	34.76
Total		218,925,877.52	45.89

On 31 December 2009, accounts receivable from related parties is as follows:

Debtors	Relationship with the Group	Amount	Proportion of total accounts receivable (%)
Changan Ford Mazda Automobile Co., Ltd	Joint venture	28,099,250.09	11.02
Chongqing Changan Suzuki Automobile Co., Ltd	Joint venture	8,473,713.87	3.32
Jiangling Holding Co., Ltd	Joint venture	2,078,764.50	0.82
Baoding Changan Car Manufacturing Co., Ltd	Controlled by the same ultimate holding company	1,124,000.00	0.44
Chongqing Changan Kuayue Automobile Co., Ltd	Controlled by the same ultimate holding company	39,555,103.98	15.52
Changan Industries Group Co. Ltd	Controlled by the same ultimate holding company	4,321,884.48	1.70
Chongqing Changan Lingyun Automobile Components Co., Ltd	Controlled by the same ultimate holding company	34,713.15	0.01
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Associates	7,211,147.20	2.83
CSIA-Jian'an Automobile Bridge Branch	Branch of parent	700,000.00	0.28
Total		91,598,577.27	35.94

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(8) There is no accounts receivable derecognized due to transfer of financial assets during 2010 (2009: nil).

4. Prepayments

(1) An aged analysis of the prepayments as at the balance sheet date is as follows:

Aging	2010		Restated 2009	
	Amount	Percentage (%)	Amount	Percentage (%)
Within 1 year	258,849,412.56	81.71	503,415,628.86	99.96
1 to 2 years	38,954,298.21	18.29	200,664.12	0.04
2 to 3 years	-	-	5,728.40	-
Over 3 years	-	-	-	-
Total	297,803,710.77	100.00	503,622,021.38	100.00

(2) On 31 December 2010, Top five debtors of prepayments are as follows:

Debtors	Relationship with the Group	Amount	Aging	Reason for outstanding
First	Non-related	173,371,054.20	Within year 1	Goods not received
Second	Non-related	53,356,000.00	Within year 1	Goods not received
Third	Non-related	10,147,208.65	Within year 1	Goods not received
Fourth	Non-related	9,287,336.76	Within year 1	Goods not received
Fifth	Controlled by the same ultimate holding company	5,175,131.00	Within year 1	Goods not received
Total		251,336,730.61		

On 31 December 2009, Top five debtors of prepayments are as follows:

Debtors	Relationship with the Group	Amount	Aging	Reason for outstanding
First	Non-related	232,974,115.31	Within 1 year	Goods not received
Second	Controlled by the same ultimate holding company	55,000,000.00	Within 1 year	Goods not received
Third	Non-related	26,699,564.42	Within 1 year	Goods not received

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Fourth	Non-related	17,046,506.91	Within 1 year	Goods not received
Fifth	Non-related	9,971,348.22	Within 1 year	Goods not received
Total		341,691,534.86		

Explanation for major companies of prepayments:

The Group only purchase steels from Chongqing Baojing Steel Processing and Distribution Ltd. According to the contract, it requires the Group fully prepay the purchase amount for steels. All the amount at the balance sheet date had been paid, but the goods hadn't received.

- (3) On 31 December 2010, within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Company's voting shares(On 31 December 2009: nil).

5. Dividend receivables

	Beginning	Addition	Deduction	Ending	Reason for outstanding	Impaired or not
Within 1 year	-	-	-	-	-	-
Over 1 year	-	-	-	-	-	-
Chongqing HelpGo Information Technology Co., Ltd	450,030.00	-	-	450,030.00	The company is liquidated	Not
Total	450,030.00	-	-	450,030.00	-	-

6. Other receivables

- (1) An aged analysis of the other receivables as at the balance sheet date is as follows:

	2010	Restated 2009
Within 1 year	116,467,029.73	47,849,125.73
1 to 2 years	1,330,536.60	63,039.90
2 to 3 years	8,500.00	48,034,004.00
Over 3 years	<u>33,410,287.90</u>	<u>9,011,100.50</u>
	151,216,354.23	104,957,270.13
Less: Provision	<u>33,556,649.19</u>	<u>33,408,376.54</u>

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117,659,705.04 71,548,893.59

(2) An analysis of the other receivables as at the balance sheet date is as follows: type

Item	2010				Restated 2009			
	Balance		Provision		Balance		Provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant items and analyzed individually for provision	75,555,042.96	49.97	24,199,000.00	32.03	47,390,400.00	45.15	24,199,000.00	51.06
Other receivables analyzed as groups for provision								
Group 1. Other receivables analyzed for provision according to aging analysis	68,916,565.62	45.57	2,612,903.54	3.87	50,822,124.48	48.42	2,464,630.89	4.85
Group 2. Other receivables from related parties	-	-	-	-	-	-	-	-
Group subtotal	68,916,565.62	45.57	2,612,903.54	3.79	50,822,124.48	48.42	2,464,630.89	4.85
Individually insignificant items but analyzed individually for provision	6,744,745.65	4.46	6,744,745.65	100	6,744,745.65	6.43	6,744,745.65	100
Total	151,216,354.23	100	33,556,649.19		104,957,270.13	100	33,408,376.54	

Within Groups, other receivables analyzed for provision according to aging analysis:

Aging	2010			Restated 2009		
	Balance		Provision	Balance		Provision
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 6 months	57,314,887.56	83.17	-	40,835,505.49	80.35	-
6 to 12 months	7,796,099.21	11.31	389,804.96	7,013,620.24	13.80	350,681.01
Within 1 year subtotal	65,110,986.77	94.48	389,804.96	47,849,125.73	94.15	350,681.01
1 to 2 years	1,330,536.60	1.93	133,053.66	63,039.90	0.12	6,303.99
2 to 3 years	8,500.00	0.01	2,550.00	643,604.00	1.27	193,081.20
3 to 4 years	543,604.00	0.79	271,802.00	536,226.64	1.06	268,113.32
4 to 5 years	536,226.64	0.78	428,981.31	418,384.21	0.82	334,707.37
Over 5 years	1,386,711.61	2.01	1,386,711.61	1,311,744.00	2.58	1,311,744.00

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Total	68,916,565.62	100.00	2,612,903.54	50,822,124.48	100.00	2,464,630.89
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On 31 December 2010, individually insignificant items but analyzed individually for provision:

Details of other receivables	Balance	Provision	Provision Percentage	Reason for provision
Nanjing Changan Industrial Park Management Committee	4,855,532.43	4,855,532.43	100%	whose aging is too long and unlikely to recover
Nanjing Dongchi Automotive Industry (Group) Co., Ltd.	1,884,213.22	1,884,213.22	100%	whose aging is too long and unlikely to recover
Nanjing Qinyuan Vocational Technical School	5,000.00	5,000.00	100%	Not able to fulfill the payment and unlikely to recover
Total	6,744,745.65	6,744,745.65	--	

On 31 December 2009, individually insignificant items but analyzed individually for provision:

Details of other receivables	Balance	Provision	Provision Percentage	Reason for provision
Nanjing Changan Industrial Park Management Committee	4,855,532.43	4,855,532.43	100%	whose aging is too long and unlikely to recover
Nanjing Dongchi Automotive Industry (Group)	1,884,213.22	1,884,213.22	100%	whose aging is too long and unlikely to recover

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Co., Ltd.				
Nanjing Qinyuan Vocational Technical School	5,000.00	5,000.00	100%	Not able to fulfill the payment and unlikely to recover
Total	6,744,745.65	6,744,745.65	--	

(3) There is no reversal of provision for bad debts or reception of other receivables with a bad debt provision during 2010 (2009: nil).

(4) There is no write-off of provision for bad debts during 2010 (2009: nil).

(5) On 31 December 2010, within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Parent Company's voting shares (On 31 December 2009: nil).

(6) On 31 December 2010, Top five debtors of other receivables are as follows:

Debtors	Relationship with the Group	Amount	Aging	Proportion of total other receivables (%)
First	Non-related	26,234,000.00	Within 1 year	17.35
Second	Non-related	25,122,042.96	Within 1 year	16.61
Third	Non-related	24,199,000.00	Within 4 years	16.00
Fourth	Non-related	12,531,562.24	Within 4 years	8.29
Fifth	Non-related	11,859,146.46	Within 1 year	7.84
Total		99,945,751.66		66.09

On 31 December 2009, Top five debtors of other receivables are as follows:

Debtors	Relationship with the Group	Amount	Aging	Proportion of total other receivables (%)
First	Non-related	24,199,000.00	Within 3 years	22.98
Second	Non-related	23,191,400.00	Within 2 years	22.02
Third	Non-related	12,531,562.24	Within 3 years	11.90

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Fourth	Non-related	5,094,317.71	Within 3 years	4.84
Fifth	Non-related	4,855,532.43	Within 4 years	4.60
Total		69,871,812.38		66.34

(7) On 31 December 2010, there is no other receivables from related parties (On 31 December 2009, nil).

(8) There is no accounts receivable derecognized due to transfer of financial assets during 2010 (2009: nil).

7. Inventory

(1) The classification of inventory

Item	2010			Restated 2009		
	Balance	Provision	Net value	Balance	Provision	Net value
Raw materials	510,295,091.65	97,549,059.58	412,746,032.07	413,748,752.77	136,192,171.02	277,556,581.75
Material in transit	79,328,480.78	-	79,328,480.78	56,735,363.45	-	56,735,363.45
Work in progress	243,373,666.35	2,723,235.02	240,650,431.33	434,795,412.61	457,129.84	434,338,282.77
Commodity stock	1,748,106,396.08	20,333,891.29	1,727,772,504.79	1,929,246,784.69	26,459,528.07	1,902,787,256.62
Consigned processing material	13,305,561.35	-	13,305,561.35	413,619.91	-	413,619.91
Consumables	62,533,756.92	-	62,533,756.92	36,718,611.21	-	36,718,611.21
Total	2,656,942,953.13	120,606,185.89	2,536,336,767.24	2,871,658,544.64	163,108,828.93	2,708,549,715.71

(2) Provision for decline in value of inventory

2010

Type	Beginning	Provision	Deduction		Ending
			Reversal	Write-off	
Raw materials	136,192,171.02	-	19,238,389.34	19,404,722.10	97,549,059.58
Work in progress	457,129.84	2,266,105.18	-	-	2,723,235.02
Commodity stock	26,459,528.07	12,202,084.74	5,488,443.20	12,839,278.32	20,333,891.29
Total	163,108,828.93	14,468,189.92	24,726,832.54	32,244,000.42	120,606,185.89

Restated 2009

Type	Beginning	Provision	Deduction		Ending
			Reversal	Write-off	
Raw materials	4,320,567.93	131,871,603.09	-	-	136,192,171.02
Work in progress	235,570.54	221,559.30	-	-	457,129.84
Commodity stock	71,796,939.03	28,608,479.34	-	73,945,890.30	26,459,528.07
Total	76,353,077.50	160,701,641.73	-	73,945,890.30	163,108,828.93

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(3) Explanation for the provision

Item	Inventory provision accrual basis	Reason for reversal of the provision	The reversal proportion of total inventory balance in the end
Raw materials	cost higher than net realizable value	Increasing in the estimated selling price	20%
Work in progress	cost higher than net realizable value	Increasing in the estimated selling price	150%
Commodity stock	cost higher than net realizable value	Increasing in the estimated selling price	7%

Explanation of the inventory

On 31 December 2010, finished goods amounted to 21,932 cars are transported to the dealers. According to the protocol signed among the group, the bank and the dealer, corresponding product certificates are pledged in the bank, including: Huaxia Bank 4,598 cars; China Citic Bank 4,578 cars; China Everbright Bank 3,105 cars; other banks 171 cars; and China South Industry Group Finance Co., Ltd 9,480 cars.

8. Other current assets

Item	2010	Restated 2009
Rental	111,566.00	18,508.87
Accrual input tax	6,316,227.38	-
Others	1,500.00	2,000.00
Total	6,429,293.38	20,508.87

9. Available-for-sale financial assets

Item	2010	Restated 2009
Available-for-sale equity interests	176,967,500.00	238,205,000.00

The available-for-sale equity interests is the 1,775 restricted outstanding shares of Southwest Securities Co., Ltd.

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10. Investment in joint ventures and associates

Investee	Corporate type	Registered place	Legal representative	Nature of the business	Registered capital (RMB 0,000)	Shareholding percentage (%)	Voting percentage (%)	Total assets at end	Total liabilities at end	Total net assets at end	Total operating income	Total net profits
I. Joint ventures												
Chongqing Changan Suzuki Automobile Co., Ltd	Co., Ltd	Chongqing	Xu Liuping	Manufacture and sale of automobiles, and components	USD 19,000	51	51	5,680,783,986.00	3,207,728,218.28	2,473,055,767.72	12,208,400,144.00	167,585,107.77
Jiangling Holding Co., Ltd	Co., Ltd	Nanchang	Xu Liuping	Manufacture and sale of automobiles	200,000	50	50	4,261,830,735.02	1,843,562,769.87	2,413,309,675.40	1,412,443,153.94	496,246,094.92
Changan Ford Mazda Automobile Co., Ltd	Co., Ltd	Chongqing	Xu Liuping	Manufacture and sale of automobiles	USD 35,144	50	50	18,783,166,899.00	13,431,550,718.00	5,340,478,554.00	47,523,134,615.00	2,428,290,753.00
Changan Ford Mazda Engine Co., Ltd	Co., Ltd	Nanjing	Xu Liuping	Manufacture and sale of engine, and components	USD 17,270	50	50	2,471,134,830.56	1,761,695,312.53	709,439,518.03	2,332,498,283.38	66,253,036.19
II. Associates												
Chongqing HelpGo Information Technology Co., Ltd	Co., Ltd	Chongqing	Ma Jun	Develop, product, and sale of computer software and hardware, provide advice and training related to computer application technology, design and maintain computer network system (except the business which requiring pre-authorization or approval by laws and regulations), sale of office supplies, telecommunication agency for Chongqing Telecom Company	2,100	21.43	21.43	70,056,580.80	16,688,057.27	53,368,523.53	37,746,599.34	17,987,024.00
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Co., Ltd	Chongqing	Yang Bo	Develop, manufactory, sale of linkage rod	1,900	40	40	33,483,831.74	16,373,295.01	17,110,536.73	48,030,424.52	1,122,576.09

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11. Long-term equity investments

2010

Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd	Equity	239,905,266.00	1,203,060,657.04	75,054,967.67	1,278,115,624.71	51.00	51.00	N/A	-	-	-
Jiangling Holding Co., Ltd	Equity	1,000,000,000.00	958,531,791.88	248,123,047.46	1,206,654,839.34	50.00	50.00	N/A	-	-	-
Changan Ford Mazda Automobile Co., Ltd	Equity	1,395,110,717.00	2,307,599,209.51	400,013,189.19	2,707,612,398.70	50.00	50.00	N/A	-	-	-
Changan Ford Mazda Engine Co., Ltd	Equity	557,292,960.00	203,183,100.06	150,384,955.89	353,568,055.95	50.00	50.00	N/A	-	-	800,000,000.00
Associates											
Chongqing HelpGo Information Technology Co., Ltd	Equity	4,500,000.00	7,589,983.85	3,854,619.28	11,444,603.12	21.43	21.43	N/A	-	-	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Equity	4,000,000.00	2,769,108.35	4,049,030.44	6,818,138.79	40.00	40.00	N/A	-	-	-
Other											
Chongqing	Cost	4,900,000.00	4,900,000.00	(4,900,000.00)	-	-	-	-	-	-	-

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International Golf Club Co., Ltd.												
China South Industry Group Finance Co., Ltd	Cost	80,000,000.00	80,000,000.00	-	80,000,000.00	5.33	5.33	N/A	-	-	6,000,000.00	
Chongqing Ante Import and Export Co., Ltd	Cost	3,000,000.00	3,000,000.00	-	3,000,000.00	10.00	10.00	N/A	-	-	-	
Sichuan Glass Co., Ltd	Cost	1,809,274.00	1,809,274.00	-	1,809,274.00	0.64	0.64	N/A	-	-	-	
Zhong Fa Lian Investment Co., Ltd	Cost	6,000,000.00	6,000,000.00	15,000,000.00	21,000,000.00	10.00	10.00	N/A	-	-	-	
Chongqing Changan Lingyun Automobile Components Co., Ltd	Cost	6,960,000.00	9,417,316.94	(9,417,316.94)	-	13.41	13.41	N/A	-	-	-	
Total	—	3,303,478,217.00	4,787,860,441.63	3,303,478,217.00	4,787,860,441.63	--	--	--	-	-	806,000,000.00	

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Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd	Equity	239,905,266.00	1,162,904,637.19	40,156,019.85	1,203,060,657.04	51	51	N/A	-	-	-
Jiangling Holding Co., Ltd	Equity	1,000,000,000.00	1,042,269,341.77	(83,737,549.89)	958,531,791.88	50	50	N/A	-	-	-
Changan Ford Mazda Automobile Co., Ltd	Equity	1,395,110,717.00	2,022,782,479.09	284,816,730.42	2,307,599,209.51	50	50	N/A	-	-	-
Associates											
Chongqing HelpGo Information Technology Co., Ltd	Equity	4,500,000.00	7,780,472.33	(190,488.48)	7,589,983.84	21.43	21.43	N/A	-	-	450,030.00
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Equity	4,000,000.00	2,585,784.40	183,323.95	2,769,108.35	40	40	N/A	-	-	-
Other											
Chongqing International Golf Club Co., Ltd.	Cost	4,900,000.00	4,900,000.00	-	4,900,000.00	-	-	-	-	-	-
China South Industry	Cost	80,000,000.00	80,000,000.00	-	80,000,000.00	5.33	5.33	N/A	-	-	6,800,000.00

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Group Finance Co., Ltd												
Chongqing Ante Import and Export Co., Ltd	Cost	3,000,000.00	3,000,000.00	-	3,000,000.00	10	10	N/A	-	-	-	-
Sichuan Glass Co., Ltd	Cost	1,809,274.00	1,809,274.00	-	1,809,274.00	0.64	0.64	N/A	-	-	-	-
Zhong Fa Lian Investment Co., Ltd	Cost	6,000,000.00	6,000,000.00	-	6,000,000.00	10	10	N/A	-	-	-	-
Chongqing Changan Lingyun Automobile Components Co., Ltd	Cost	6,960,000.00	9,417,316.94	-	9,417,316.94	13.41	13.41	N/A	-	-	-	-
Total	—	3,303,478,217.00	4,542,312,484.60	254,547,957.03	4,787,860,441.63	--	--	--	-	-	-	7,250,030.00

Chongqing Changan Automobile Company Limited
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12. Investment real-estates

2010

Item	Beginning	Addition	Deduction	Ending
I. Original price	83,320,954.08	-	572,000.00	82,748,954.08
1. Buildings	36,632,620.00	-	572,000.00	36,060,620.00
2. Land use right	46,688,334.08	-	-	46,688,334.08
II. Accumulated depreciation and amortization	17,757,128.49	2,572,364.77	342,921.94	19,986,571.32
1. Buildings	8,772,081.85	1,639,500.58	342,921.94	10,068,660.49
2. Land use right	8,985,046.64	932,864.19	-	9,917,910.83
III. Net Value	65,563,825.59			62,762,382.76
1. Buildings	27,860,538.15			25,991,959.51
2. Land use right	37,703,287.44			36,770,423.25
IV. Impairment Provision	-	-	-	-
1. Buildings	-	-	-	-
2. Land use right	-	-	-	-
V. Book Value	65,563,825.59			62,762,382.76
1. Buildings	27,860,538.15			25,991,959.51
2. Land use right	37,703,287.44			36,770,423.25

Restated 2009

Item	Beginning	Addition	Deduction	Ending
I. Original price	83,320,954.08	-	-	83,320,954.08
1. Buildings	36,632,620.00	-	-	36,632,620.00
2. Land use right	46,688,334.08	-	-	46,688,334.08
II. Accumulated depreciation and amortization	14,674,152.66	3,082,975.83	-	17,757,128.49
1. Buildings	6,621,970.21	2,150,111.64	-	8,772,081.85
2. Land use right	8,052,182.45	932,864.19	-	8,985,046.64
III. Net Value	68,646,801.42			65,563,825.59
1. Buildings	30,010,649.79			27,860,538.15
2. Land use right	38,636,151.63			37,703,287.44
IV. Impairment Provision	-	-	-	-

Chongqing Changan Automobile Company Limited
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1. Buildings	-	-	-	-
2. Land use right	-	-	-	-
V. Book Value	68,646,801.42			65,563,825.59
1. Buildings	30,010,649.79			27,860,538.15
2. Land use right	38,636,151.63			37,703,287.44

During 2010, the depreciation and amortization of investment real-estates is RMB 2,572,364.77 (2009: RMB3,082,975.83).

There is no provision of impairment for investment real-estates in 2010 (2009: nil).

On 31 December 2010, there is no investment real-estates whose certificate of title is not completed (On 31 December 2009, nil).

13. Fixed assets

(1) Details of fixed assets

2010

Item	Beginning	Addition	Deduction	Ending
I. Original price	6,332,710,802.91	1,474,330,744.71	343,619,141.69	7,463,422,405.93
Buildings	1,175,211,359.09	215,415,659.42	69,558,542.40	1,321,068,476.11
Machinery	3,676,010,668.44	731,355,586.97	189,690,484.70	4,217,675,770.71
Vehicles	48,406,862.71	12,629,311.29	5,213,542.05	55,822,631.95
Other Equipments	1,433,081,912.67	514,930,187.03	79,156,572.54	1,868,855,527.16
II. Accumulated depreciation	2,548,314,039.51	419,846,569.44	183,559,078.56	2,784,601,530.39
Buildings	298,585,099.81	41,758,778.20	15,560,107.45	324,783,770.56
Machinery	1,618,460,343.82	261,150,941.69	96,116,147.79	1,783,495,137.72
Vehicles	20,876,297.03	5,133,979.24	3,356,579.87	22,653,696.40
Other Equipments	610,392,298.85	111,802,870.31	68,526,243.45	653,668,925.71
III. Net Value	3,784,396,763.40			4,678,820,875.54
Buildings	876,626,259.28			996,284,705.55
Machinery	2,057,550,324.62			2,434,180,632.99
Vehicles	27,530,565.68			33,168,935.55
Other Equipments	822,689,613.82			1,215,186,601.45
IV. Impairment Provision	415,664,741.39	10,393,728.94	15,123,424.22	410,935,046.11
Buildings	-	-	-	-
Machinery	415,012,523.53	4,217,064.44	15,123,424.22	404,106,163.75
Vehicles	-	-	-	-
Other Equipments	652,217.86	6,176,664.50	-	6,828,882.36
V. Book Value	3,368,732,022.01			4,267,885,829.43
Buildings	876,626,259.28			996,284,705.55
Machinery	1,642,537,801.09			2,030,074,469.24
Vehicles	27,530,565.68			33,168,935.55
Other Equipments	822,037,395.96			1,208,357,719.09

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Item	Beginning	Addition	Deduction	Ending
I. Original price	5,992,987,309.53	716,689,894.55	376,966,401.17	6,332,710,802.91
Buildings	1,103,126,363.74	130,430,114.51	58,345,119.16	1,175,211,359.09
Machinery	3,469,561,282.07	455,428,896.79	248,979,510.42	3,676,010,668.44
Vehicles	47,200,230.71	9,076,662.47	7,870,030.47	48,406,862.71
Other Equipments	1,373,099,433.01	121,754,220.78	61,771,741.12	1,433,081,912.67
II. Accumulated depreciation	2,272,670,805.06	487,835,256.70	212,192,022.25	2,548,314,039.51
Buildings	157,594,191.58	143,153,962.31	2,163,054.08	298,585,099.81
Machinery	1,549,353,017.11	227,497,775.60	158,390,448.89	1,618,460,343.82
Vehicles	20,040,343.94	6,111,189.02	5,275,235.93	20,876,297.03
Other Equipments	545,683,252.43	111,072,329.77	46,363,283.35	610,392,298.85
III. Net Value	3,720,316,504.47			3,784,396,763.40
Buildings	945,532,172.16			876,626,259.28
Machinery	1,920,208,264.96			2,057,550,324.62
Vehicles	27,159,886.77			27,530,565.68
Other Equipments	827,416,180.58			822,689,613.82
IV. Impairment Provision	120,288,693.78	376,224,060.42	80,848,012.81	415,664,741.39
Buildings	-	-	-	-
Machinery	119,636,475.92	376,224,060.42	80,848,012.81	415,012,523.53
Vehicles	-	-	-	-
Other Equipments	652,217.86	-	-	652,217.86
V. Book Value	3,600,027,810.69			3,368,732,022.01
Buildings	945,532,172.16			876,626,259.28
Machinery	1,800,571,789.04			1,642,537,801.09
Vehicles	27,159,886.77			27,530,565.68
Other Equipments	826,763,962.72			822,037,395.96

During 2010, the depreciation of fixed assets is RMB 419,846,569.44 (2009: RMB487,835,256.70).

During 2010, the fixed assets amounted to RMB 1,383,504,352.06 (2009: RMB 641,808,445.31) have been transferred from construction in progress.

On 31 December 2010, buildings with the book value of RMB 195,715,866.00 (2009: RMB 108,157,109.79), and no machinery (2009: RMB 90,117,709.52) is restricted to the right of use. Refer to Item 22 and 35 under Note V.

(2) Fixed assets that are temporarily laid idle

2010

Item	Original Price	Accumulated depreciation	Impairment provision	Book value	Note
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Machinery	363,980,515.35	22,233,879.48	333,382,376.83	8,364,259.04	
Other Equipments	16,472,853.97	5,428,223.97	11,044,630.00	-	
Total	380,453,369.32	27,662,103.45	344,427,006.83	8,364,259.04	

Restated 2009

Item	Original Price	Accumulated depreciation	Impairment provision	Book value	Note
Machinery	364,327,582.21	22,373,168.48	333,590,154.69	8,364,259.04	
Other Equipments	1,209,490.00	557,272.14	652,217.86	-	
Total	365,537,072.21	22,930,440.62	334,242,372.55	8,364,259.04	

(3) On 31 December 2010, there is no fixed assets which are rented out or into under finance leases, rented out under operating leases, or held for sale (On 31 December 2009: Nil).

(4) Fixed assets whose certificate of title is not completed

Item	Reason for incomplete certificate of title	Estimate time for completion of certificate of title
Plant for vehicle test	Under processing	2011
Assemble plant for CA20	No certificate for renting land for housing	-
Outdoor steel construction of plant 233	No certificate for renting land for housing	-
New factory building	Under processing	2011

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14. Construction in progress

(1) Details of construction in progress

Item	2010			Restated 2009		
	Balance	Provision	Book value	Balance	Provision	Book value
Mini-bus production equipment	40,346,251.80	-	40,346,251.80	46,516,097.99	-	46,516,097.99
Yuzui motor city project	433,465,059.39	-	433,465,059.39	-	-	-
Changan industrial garden project	178,508,889.22	-	178,508,889.22	661,623,502.53	-	661,623,502.53
Sedan production equipment	32,759,619.50	-	32,759,619.50	85,158,914.56	-	85,158,914.56
Engine production	653,499,793.89	-	653,499,793.89	339,268,528.26	-	339,268,528.26
Vehicle research institution	126,705,592.30	-	126,705,592.30	36,291,436.76	-	36,291,436.76
Car moulds	75,941,499.46	-	75,941,499.46	57,776,903.29	-	57,776,903.29
Hebei Changan new district construction project	328,334,765.82	-	328,334,765.82	1,391,518.00	-	1,391,518.00
Others	128,341,160.08	-	128,341,160.08	88,142,750.41	-	88,142,750.41
Total	1,997,902,631.46	-	1,997,902,631.46	1,316,169,651.80	-	1,316,169,651.80

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(2) Significant movements of construction in progress

2010

Project	Budget (RMB 0,000)	Restated 2009	Addition	Transfer to fixed assets	Other deduction	The project investments' proportion of budget (%)	Progress of construction	Accumulated capitalized interest	Including: Current capitalized interest	Current capitalization rate (%)	Source of funds	2010
Mini-bus production equipment	99,270	46,516,097.99	67,629,220.47	56,440,100.98	17,358,965.68	90%	90%	412,957.05	-	-	Raised	40,346,251.80
Yuzui motor city project	418,193	-	467,638,798.48	34,173,739.09	-	20%	10%	-	-	-	Raised	433,465,059.39
Changan industrial garden project	149,031	661,623,502.53	175,324,490.70	658,439,104.01	-	72%	50%	19,943,614.65	1,990,918.76	4.779%	Raised	178,508,889.22
Sedan production equipment	28,000	85,158,914.56	35,121,484.86	87,520,779.92	-	90%	90%	505,924.12	23,104.30	4.779%	Raised	32,759,619.50
Engine production	115,808	339,268,528.26	669,140,135.29	354,908,869.66	-	63%	50%	12,926,342.81	3,464,838.75	4.779%	Raised	653,499,793.89
Vehicle research institute	61,660	36,291,436.76	135,126,117.85	44,711,962.31	-	28%	30%	863,669.92	-	-	Raised	126,705,592.30
Car moulds	19,240	57,776,903.29	68,226,678.33	50,062,082.16	-	-	-	3,397,900.43	850,279.83	4.779%	Raised	75,941,499.46
Hebei Changan new district construction project	60,312	1,391,518.00	326,943,247.82	-	-	54%	50%	-	-	-	Raised	328,334,765.82
Others	-	88,142,750.41	185,962,443.03	97,247,713.93	48,516,319.43	-	-	-	6,451,800.63	4.779%	Raised	128,341,160.08
Total	-	1,316,169,651.80	2,131,112,616.83	1,383,504,352.06	65,875,285.11	-	-	38,050,408.98	12,780,942.27	-	-	1,997,902,631.46

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Project	Budget (RMB 0,000)	2008	Addition	Transfer to fixed assets	Other deduction	The project investments' proportion of budget (%)	Progress of construction	Accumulated capitalized interest	Including: Current capitalized interest	Current capitalization rate (%)	Source of funds	Restated 2009
Mini-bus production equipment	99,270	51,163,129.73	91,156,995.12	95,692,422.17	111,604.69	83%	80%	412,957.05	115,337.89	4.779%	Raised	46,516,097.99
Changan industrial garden project	149,031	531,037,799.09	235,773,141.58	105,187,438.14	-	60%	50%	17,952,695.89	10,232,169.12	4.779%	Raised	661,623,502.53
Sedan production equipment	28,000	35,228,513.67	73,313,031.28	23,116,442.35	266,188.04	77%	50%	482,819.82	200,481.20	4.779%	Raised	85,158,914.56
Engine production	115,808	73,639,989.54	461,055,663.47	195,427,124.75	-	25%	30%	9,461,504.06	7,814,531.45	4.779%	Raised	339,268,528.26
Vehicle research institute	61,660	45,807,272.81	41,989,499.64	51,505,335.69	-	7%	10%	863,669.92	342,844.14	4.779%	Raised	36,291,436.76
Car moulds	19,240	40,097,774.30	49,575,800.23	31,896,671.24	-	-	-	2,547,620.60	1,414,375.34	4.779%	Raised	57,776,903.29
Others	-	85,446,068.44	144,598,326.10	138,983,010.97	1,527,115.16	-	-	-	-	-	-	89,534,268.41
Total	-	862,420,547.58	1,097,462,457.42	641,808,445.31	1,904,907.89	-	-	31,721,267.34	20,119,739.14	-	-	1,316,169,651.80

(3) On 31 December 2010, there is no provision for the impairment of construction in progress (On 31 December 2009: Nil).

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15. Project materials

Item	Restated 2009	Addition	Deduction	2010
Specific materials	838,718.75	-	42,820.00	795,898.75
Total	838,718.75	-	42,820.00	795,898.75

16. Intangible assets

(5) Details of intangible assets

2010

Item	Beginning	Addition	Deduction	Ending
I. Original price	494,042,893.89	650,695,351.17	3,801,900.00	1,140,936,345.06
Land use rights	189,097,363.50	408,165,728.77	3,625,900.00	593,637,192.27
Software use rights	49,601,206.83	36,493,053.65	176,000.00	85,918,260.48
Trademark use rights	36,770,000.00	-	-	36,770,000.00
Non-patent technology	218,574,323.56	206,036,568.75	-	424,610,892.31
II. Accumulated amortization	109,312,292.73	103,116,317.44	376,818.48	212,051,791.69
Land use rights	18,382,602.27	10,457,546.76	309,318.48	28,530,830.55
Software use rights	28,320,601.61	22,991,693.37	67,500.00	51,244,794.98
Trademark use rights	23,491,945.15	2,451,333.36	-	25,943,278.51
Non-patent technology	39,117,143.70	67,215,743.95	-	106,332,887.65
III. Net Value	384,730,601.16			928,884,553.37
Land use rights	170,714,761.23			565,106,361.72
Software use rights	21,280,605.22			34,673,465.50
Trademark use rights	13,278,054.85			10,826,721.49
Non-patent technology	179,457,179.86			318,278,004.66
IV. Impairment Provision	6,700,000.00	-	-	6,700,000.00
Land use rights	6,700,000.00	-	-	6,700,000.00
Software use rights	-	-	-	-
Trademark use rights	-	-	-	-
Non-patent technology	-	-	-	-
V. Book Value	378,030,601.16			922,184,553.37
Land use rights	164,014,761.23			558,406,361.72
Software use rights	21,280,605.22			34,673,465.50
Trademark use rights	13,278,054.85			10,826,721.49
Non-patent	179,457,179.86			318,278,004.66

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technology				
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Restated 2009

Item	Beginning	Addition	Deduction	Ending
I. Original price	172,440,182.60	323,161,291.29	1,558,580.00	494,042,893.89
Land use rights	89,155,543.50	101,272,400.00	1,330,580.00	189,097,363.50
Software use rights	33,241,729.13	16,587,477.70	228,000.00	49,601,206.83
Trademark use rights	36,770,000.00	-	-	36,770,000.00
Non-patent technology	13,272,909.97	205,301,413.59	-	218,574,323.56
II. Accumulated amortization	43,674,784.01	66,984,415.69	1,346,906.97	109,312,292.73
Land use rights	10,316,985.33	9,239,716.94	1,174,100.00	18,382,602.27
Software use rights	10,326,250.39	18,167,158.19	172,806.97	28,320,601.61
Trademark use rights	21,040,611.79	2,451,333.36	-	23,491,945.15
Non-patent technology	1,990,936.50	37,126,207.20	-	39,117,143.70
III. Net Value	128,765,398.59			384,730,601.16
Land use rights	78,838,558.17			170,714,761.23
Software use rights	22,915,478.74			21,280,605.22
Trademark use rights	15,729,388.21			13,278,054.85
Non-patent technology	11,281,973.47			179,457,179.86
IV. Impairment Provision	6,700,000.00	-	-	6,700,000.00
Land use rights	6,700,000.00	-	-	6,700,000.00
Software use rights	-	-	-	-
Trademark use rights	-	-	-	-
Non-patent technology	-	-	-	-
V. Book Value	122,065,398.59			378,030,601.16
Land use rights	72,138,558.17			164,014,761.23
Software use rights	22,915,478.74			21,280,605.22
Trademark use rights	15,729,388.21			13,278,054.85
Non-patent technology	11,281,973.47			179,457,179.86

During 2010, the amortization of intangible assets is RMB 103,116,317.44 (2009: RMB66,984,415.69).

On 31 December 2010, land use rights with the book value of RMB 100,990,193.75 (On 31 December 2009: RMB 131,221,611.49) are restricted of use. During 2010, the amortization of the land use rights is

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RMB 2,195,438.99 (2009: RMB3,385,778.05). Refer to Item 23 and 36 under Note V.

17. Development expenditure

2010

Item	31 December 2009	Addition	Deduction		31 December 2010
			Charged to income Statement of the Current period	Recognized as intangible assets	
Automobile Development	200,849,901.80	215,723,323.95	6,223,722.70	206,036,568.75	204,312,934.30
Total	200,849,901.80	215,723,323.95	6,223,722.70	206,036,568.75	204,312,934.30

Restated 2009

Item	31 December 2008	Addition	Deduction		31 December 2009
			Charged to income Statement of the Current period	Recognized as intangible assets	
Automobile Development	308,158,911.20	188,593,683.93	90,601,279.74	205,301,413.59	200,849,901.80
Total	308,158,911.20	188,593,683.93	90,601,279.74	205,301,413.59	200,849,901.80

In 2010, development expenditure accounts for 23.89% of total research and development expenditure (2009: 32.34%).

On 31 December 2010, development expenditure recognized as intangible assets accounts for 34.12% of total intangible assets (2009: 48.37%).

18. Goodwill

2010

Investee	31 December 2009	Addition	Deduction	31 December 2010	Impairment provision
Hebei Changan Automobile Co., Ltd	9,804,394.00	-	-	9,804,394.00	-
Nanjing Changan Automobile Co., Ltd	73,465,335.00	-	-	73,465,335.00	73,465,335.00
Total	9,804,394.00	-	-	9,804,394.00	-

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Investee	31 December 2008	Addition	Deduction	31 December 209	Impairment provision
Hebei Changan Automobile Co., Ltd	9,804,394.00	-	-	9,804,394.00	
Nanjing Changan Automobile Co., Ltd	73,465,335.00	-	-	73,465,335.00	73,465,335.00
Total	9,804,394.00	-	-	9,804,394.00	

19. Long-term deferred expenses

2010

Item	Beginning	Addition	Amortization	Other deduction	Ending
Gaobao Lake Reservir Greening	1,260,560.00	-	180,080.00	-	1,080,480.00
Improvement on leasing buildings	1,297,984.67	-	760,687.68	100,000.00	437,296.99
Others	2,529,271.52	-	1,498,239.38	64,351.70	966,680.44
Total	5,087,816.19	-	2,439,007.06	164,351.70	2,484,457.43

Restated 2009

Item	Beginning	Addition	Amortization	Other deduction	Ending
Gaobao Lake Reservir Greening	1,440,640.00	-	180,080.00	-	1,260,560.00
Improvement on leasing buildings	1,958,672.36	425,460.00	1,086,147.69	-	1,297,984.67
Others	4,441,188.34	73,091.00	1,985,007.82	-	2,529,271.52
Total	7,840,500.70	498,551.00	3,071,155.51	-	5,087,816.19

20. Deferred tax assets and liabilities

Deferred tax assets and liabilities are listed separately.

(1) Recognized deferred tax assets and liabilities:

Item	2010	Restated 2009
Deferred tax assets		
Provision for the impairment of assets	70,994,366.66	78,107,700.60
Accrued expenses and contingent liabilities	215,336,190.19	193,911,878.20
Unpaid tech development expense and advertisement expense	27,390,068.43	6,377,189.92
Other current liabilities - deferred income	94,236,500.00	-
Unpaid salary and bonus and others	26,834,990.66	43,984,476.74
Subtotal	434,792,115.95	322,381,245.46

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Deferred tax liabilities		
Available-for-sale financial assets on the changes in fair value	23,113,125.00	32,298,750.00

(2) Unrecognized deferred tax assets

Item	2010	Restated 2009
Deductible temporary differences	-	-
Deductible loss	550,200,596.60	522,350,483.79
Total	550,200,596.60	522,350,483.79

Note: The Group does not think that in the future taxable profit is probably available to utilize the above deductible temporary difference and deductible loss. Therefore, no deferred tax assets have been recognized for the deductible temporary differences and deductible loss.

(3) The deductible loss of unrecognized deferred tax assets will be mature in the following year:

Year	2010	Restated 2009
2011	162,494,980.17	162,494,980.17
2012	179,086,687.48	179,086,687.48
2013	144,087,165.47	144,087,165.47
2014	24,602,399.39	36,681,650.67
2015	39,929,364.09	-
Total	550,200,596.60	522,350,483.79

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(4) The temporary differences related to assets and liabilities which caused the temporary differences

Item	2010	Restated 2009
Deductable temporary difference		
Provision for the impairment of assets	469,799,670.60	502,252,846.80
Accrued expenses and contingent liabilities	1,058,801,045.77	1,071,864,862.74
Unpaid tech development expense and advertisement expense	179,767,889.54	30,292,760.00
Other current liabilities - deferred income	609,710,000.00	-
Unpaid salary and bonus and others	122,262,088.88	160,829,580.27
Subtotal	2,440,340,694.79	1,765,240,049.81
Taxable temporary difference		
Available-for-sale financial assets on the changes in fair value	154,087,500.00	215,325,000.00

21. Provision for the impairment of assets

2010

Item	Beginning	Addition	Deduction		Ending
			Reversal	Write-off	
I. Bad debt provision	105,300,384.34	1,313,055.87	-	-	106,613,440.21
II. Provision for obsolete inventory	163,108,828.93	14,468,189.92	24,726,832.54	32,244,000.42	120,606,185.89
III. Provision for the impairment of fixed assets	415,664,741.39	10,393,728.94	-	15,123,424.22	410,935,046.11
IV. Provision for the impairment of intangible assets	6,700,000.00	-	-	-	6,700,000.00
V. Provision for the impairment of goodwill	73,465,335.00	-	-	-	73,465,335.00
Total	764,239,289.66	26,156,874.73	24,726,832.54	47,349,324.64	718,320,007.21

Restated 2009

Item	Beginning	Addition	Deduction		Ending
			Reversal	Write-off	
I. Bad debt provision	79,778,482.63	42,358,196.08	5,643,950.68	11,192,343.69	105,300,384.34
II. Provision for obsolete inventory	76,353,077.50	160,701,641.73	-	73,945,890.30	163,108,828.93
III. Provision for the impairment of long-term equity investment	27,120,000.00	-	27,120,000.00	-	-
IV. Provision for the impairment of fixed assets	120,288,693.78	376,224,060.42	-	80,848,012.81	415,664,741.39
V. Provision for the impairment of intangible assets	6,700,000.00	-	-	-	6,700,000.00
VI. Provision for the impairment of goodwill	73,465,335.00	-	-	-	73,465,335.00
Total	383,705,588.91	579,283,898.23	32,763,950.68	165,986,246.80	764,239,289.66

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22. Other non-current assets

Item	2010	Restated 2009
Prepayment of land	130,000,000.00	407,080,000.00
Total	130,000,000.00	407,080,000.00

23. Short-term loans

(6) Classification of short-term loans

Item	2010	Restated 2009
Pledge loans	-	30,270,268.00
Mortgage loans	30,000,000.00	230,000,000.00
Bill discounting	-	10,000,000.00
Credit loans	-	80,000,000.00
Total	30,000,000.00	350,270,268.00

On 31 December 2010, the interest rate of the above loans was 5.310% (31 December 2009: 4.23-4.779%).

On 31 December 2010, there is no short-term loan which is due but to be repaid (31 December 2009: nil).

On 31 December 2010, the Group uses the lands use rights amounted to RMB 100,990,193.75 and buildings amounted to RMB 195,715,866.00 as collateral for the short-term loan of RMB 30,000,000.00 and long-term loan of RMB 76,000,000.00 from China South Industry Group Finance Co., Ltd.

On 31 December 2009, the Group used the land use rights amounted to RMB 109,905,016.73, buildings amounted to RMB 108,157,109.79, and machinery amounted to RMB 180,171,709.52 as collateral for the short-term loan of RMB 230,000,000.00 from the bank (the land use rights amounted to RMB 88,732,326.03 and buildings amounted to RMB 81,047,990.06 were also used as collateral for long-term loans).

On 31 December 2009, the Group used the cash deposit amounted to RMB 5,000,000.00 and inventories amounted to RMB 30,270,268.00 as pledge for the short term loan of RMB 30,270,268.00.

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24. Financial liabilities held for trading

Item	2010	Restated 2009
Financial liabilities at fair value through profit or loss	-	4,563,744.00
Total	-	4,563,744.00

25. Notes payable

Item	2010	Restated 2009
Commercial acceptance bill	-	20,000,000.00
Bank acceptance bill	4,887,600,348.93	2,777,030,532.62
Total	4,887,600,348.93	2,797,030,532.62

The notes payable amounted to RMB 4,887,600,348.93 will be due in the next accounting period.

26. Accounts payable

(1) Accounts payable

Item	2010	Restated 2009
Accounts payable	7,666,813,508.07	6,559,948,368.16
Total	7,666,813,508.07	6,559,948,368.16

(2) On 31 December 2010, within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Parent Company's voting shares (On 31 December 2009: nil).

(3) Accounts payable to related parties is as follows:

Related parties	2010		Restated 2009	
	Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
Baoding Changan Car Manufacturing Co., Ltd	32,287,297.46	0.42	2,838,152.10	0.04
Beijing Beiji Mechanical and Electrical Industry Co., Ltd	240,826.11	-	898,148.01	0.01
Changan Ford Mazda Automobile Co., Ltd	36,429,875.86	0.48	13,187,003.01	0.20
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	669,202.53	0.01	2,752,422.43	0.04
Chengdu Lingchuan Special Industry Co., Ltd	14,139,844.51	0.18	10,039,508.77	0.15
Chengdu Tianxin Instrument and Meter Co., Ltd	26,957,045.07	0.35	17,924,204.98	0.27
Chengdu Wanyou Filter Co., Ltd	10,778,242.76	0.14	3,186,275.79	0.05

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Related parties	2010		Restated 2009	
	Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
Hafei Motor Co., Ltd.	40,975,399.63	0.53	-	-
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	24,439,371.03	0.32	28,033,530.75	0.43
Jiangling Holding Co., Ltd	-	-	7,809,600.00	0.12
CSIA-Jian'an Automobile Bridge Branch	13,123,986.30	0.17	26,063,333.78	0.40
South Tianhe Chassis System Co., Ltd	159,820,726.24	2.08	77,392,400.85	1.18
South Inter Air-conditioner Co., Ltd	13,495,726.62	0.18	5,295,131.36	0.08
Sichuan Hongguang Machinery and Electrics Co., Ltd	14,589,148.50	0.19	2,381,938.69	0.04
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	6,466,686.77	0.08	21,657,800.98	0.33
Longchang Shanchuan Shock-absorbing Works Industries Co., Ltd	4,809,991.83	0.06	2,493,605.84	0.04
Yunnan Xiyi Industries Co., Ltd	3,958,264.05	0.05	10,822,284.26	0.16
CSIA-Chongqing Tsingshan Transmission Branch	5,326,380.57	0.07	1,001,831.68	0.02
Changan Industries Group Co. Ltd	3,573,395.28	0.05	9,455,723.20	0.14
Chongqing Changan Kuayue Automobile Co., Ltd	12,861,776.54	0.17	13,739,641.96	0.21
Chongqing Changan Lingyun Automobile Parts Co., Ltd	3,628,284.04	0.05	42,574,071.24	0.65
Chongqing Changan Suzuki Automobile Co., Ltd	4,000.00	-	1,230,719.91	0.02
Chongqing Changan Min Sheng Logistics Co., Ltd.	86,535,325.89	1.13	8,659,907.58	0.13
Chongqing Changfeng Jiquan Machinery Co., Ltd	295,588.52	0.01	538,286.74	0.01
Chongqing Changrong Machine Co., Ltd	19,572,420.30	0.26	20,067,359.81	0.31
Chongqing Dajiang Millison Die-Casting Co., Ltd	5,549,386.66	0.07	10,346,820.18	0.16
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	1,602,289.04	0.02	2,139,399.04	0.03
Chongqing Dajiang Yuqiang Plastic Co., Ltd	137,166.73	-	125,676.34	-
Chongqing HelpGo Information Technology Co., Ltd	-	-	119,520.88	-
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	24,684,059.09	0.32	37,740,599.44	0.58
Chongqing Jiangda Aluminum Alloy Wheel Co., Ltd	11,259,592.53	0.15	3,806,344.81	0.06
Chongqing Automobile Air-conditioner Co., Ltd	7,236,322.47	0.09	18,545,043.73	0.28
Chongqing Qingshan Sales Co., Ltd	3,070,555.83	0.04	1,858,714.34	0.03
Chongqing Shangfang Automobile Parts Co., Ltd	24,579,218.58	0.32	4,629,797.57	0.07
Chongqing Wanyou Economic Development Co., Ltd	30,718,661.02	0.40	6,229,940.77	0.09
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	5,965,260.90	0.08	5,156,505.53	0.08
Chongqing Yihong Engineering Plastic Products Co., Ltd	2,715,240.03	0.05	1,807,581.36	0.03
Total	652,496,559.29	8.51	422,548,827.71	6.44

On 31 December 2010, there is no significant accounts payable whose aging is over one year (On 31 December 2009: Nil).

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27. Advances from customers

(1) Advances from customers

Item	2010	Restated 2009
Advances from customers	2,600,698,490.62	3,032,115,389.29
Total	2,600,698,490.62	3,032,115,389.29

(2) On 31 December 2010, within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Parent Company's voting shares (On 31 December 2009: nil).

(3) Advances from customers from related parties is as follows:

Related parties	2010		Restated 2009	
	Amount	Proportion of total accounts payable (%)	Amount	Proportion of total accounts payable (%)
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	16,400.00	0.00	-	0.00
Foshan Wanyou Auto Sales and Service Co., Ltd	112.50	0.00	2,770.46	0.00
Chengdu Wanyou Economic Technological Development Co., Ltd	24,114,608.60	0.93	55,567,333.75	1.83
China South Industries Motor Company Limited	30,263,348.31	1.16	66,437,047.31	2.19
Chongqing Wanbing Material Co., Ltd	-	0.00	22,433,881.64	0.74
Chongqing Wanyou Economic Technological Development Co., Ltd	14,609,674.83	0.56	33,542,022.05	1.10
Guangxi Wanyou Auto Sales and Service Co., Ltd	2,751,320.47	0.11	9,553,198.73	0.31
Guizhou Wanyou Auto Sales and Service Co., Ltd	3,208,974.28	0.12	8,690,743.77	0.29
Jieyang Wanyou Auto Sales and Service Co., Ltd	-	0.00	838,194.43	0.03
Chongqing Anfu Automobile Co., Ltd	1,803,990.73	0.07	-	0.00
Changan Ford Mazda Engine Co., Ltd.	449,623.26	0.02	-	0.00
Yunnan Wanyou Auto Sales and Service Co., Ltd	15,111,296.01	0.58	10,927,218.51	0.36
Jiangling Holding Co., Ltd	-	0.00	412,500.00	0.01
Total	92,329,348.99	3.55	208,404,910.65	6.86

On 31 December 2010, there is no significant accounts payable whose aging is over one year (On 31 December 2009: Nil).

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28. Payroll payable

2010

Item	Beginning	Addition	Deduction	Ending
I. Salary, bonus, allowance and subsidy	141,882,680.78	1,220,526,850.65	1,225,128,500.41	137,281,031.02
II. Employee benefit	1,023,330.57	109,986,490.69	110,230,804.42	779,016.84
III. Social insurance	29,960,658.92	164,567,972.16	135,104,884.60	59,423,746.48
IV. Housing accumulation fund	(531,950.27)	65,698,654.82	67,065,827.92	(1,899,123.37)
V. Labor fund and employee education fund	5,368,470.75	26,098,021.51	26,691,332.32	4,775,159.94
Total	177,703,190.75	1,586,877,989.83	1,564,221,349.67	200,359,830.91

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Item	Beginning	Addition	Deduction	Ending
I. Salary, bonus, allowance and subsidy	76,030,206.46	897,133,358.27	831,280,883.95	141,882,680.78
II. Employee benefit	543,411.19	36,406,471.99	35,926,552.61	1,023,330.57
III. Social insurance	20,237,610.23	114,936,788.88	105,213,740.19	29,960,658.92
IV. Housing accumulation fund	10,787,672.88	42,433,417.11	53,753,040.26	(531,950.27)
V. Labor fund and employee education fund	6,389,323.14	20,032,215.80	21,053,068.19	5,368,470.75
Total	113,988,223.90	1,110,942,252.05	1,047,227,285.20	177,703,190.75

On 31 December 2010, there is no balance which is in arrears (31 December 2009, nil).

On 31 December 2010, there is no balance which is non-monetary benefits (31 December 2009, nil).

On 31 December 2010, there is no balance which is the compensation for cancelling the labor relationship (31 December 2009, nil).

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29. Taxes payable

Item	2010	Restated 2009
Value-added tax	115,160,508.25	(130,693,194.68)
Consumption tax	165,546,213.07	177,386,383.88
Business tax	328,471.46	1,454,007.65
Corporate income tax	123,392,495.93	171,521,095.72
Individual Income tax	317,325.18	392,833.43
City maintenance and construction tax	13,069,232.82	17,993,325.59
Education additional expenses	6,682,989.93	7,971,599.98
Others	345,629.58	663,840.32
Total	424,842,866.22	246,689,891.89

30. Interest payable

Item	2010	Restated 2009
Long-term loan interest	60,000.00	360,000.00
Short-term loan interest	-	60,000.00
Total	60,000.00	420,000.00

31. Dividend payable

Item	2010	Restated 2009
Dividend payable	79,742.80	79,742.80
Total	79,742.80	79,742.80

32. Other payables

(1) Details of other payables

Item	2010	Restated 2009
Dealer earnest money	121,304,098.70	53,734,268.98
Warranty	114,422,660.48	74,803,551.86
Repair fees	73,710,948.43	96,705,704.22
Advertisement fees	91,678,699.30	59,557,629.05
Sales bonus	4,156,564.00	3,418,872.18
Warehousing and transport fees	239,834,462.06	194,315,000.58
Loans temporarily	9,746,970.52	11,040,468.40
Information technology expense	13,865,545.18	3,243,039.18
Project funds	210,546,243.18	66,361,740.68
Project earnest money	85,620,257.11	11,262,499.97
Relocation compensation	100,005,000.00	117,335,489.39
Other intercourse funds	52,150,000.00	-
Total	1,117,041,448.96	691,778,264.49

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(2) On 31 December 2010, within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Parent Company's voting shares (On 31 December 2009: nil).

(3) On 31 December 2010, other payables to related parties are as follows:

Related parties	2010		Restated 2009	
	Amount	Proportion of total other payables (%)	Amount	Proportion of total other payables (%)
Chengdu Tianxing Instrument and Meter Co., Ltd	100,000.00	0.01	-	-
Chengdu Wanyou Economic Technological Development Co., Ltd	291,667.24	0.03	2,160,035.95	0.31
Chengdu Wanyou Filter Co., Ltd	10,000.00	-	120,000.00	0.02
Foshan Wangyou Auto Sales and Service Co., Ltd	-	-	8,389.85	-
Guangxi Wanyou Auto Sales and Service Co., Ltd	161,819.45	0.01	2,298.40	-
Guizhou Wanyou Auto Sales and Service Co., Ltd	360,156.80	0.03	560,582.98	0.08
Jieyang Wanyou Auto Sales and Service Co., Ltd	-	-	2,498.52	-
CSIA-Jian'an Automobile Bridge Branch	-	-	53,807.70	0.01
South Tianhe Chassis System Co., Ltd	152,986.20	0.01	-	-
Sichuan Ningjiang Shanchuan Machinery Co., Ltd	3,312.00	-	-	-
Yunnan Wanyou Auto Sales and Service Co., Ltd	1,665,415.47	0.15	1,100,628.74	0.16
Chongqing Changan Real Estate Development Co., Ltd	5,284.00	-	1,015,845.00	0.15
Changan Industries Group Co. Ltd	4,768,952.30	0.43	25,231,413.06	3.65
Chongqing Changan Construction Co., Ltd	15,640,939.54	1.40	3,844,113.49	0.56
Chongqing Changan Suzuki Automobile Co., Ltd	-	-	7,912,520.00	1.14
Chongqing Changan Min Sheng Logistics Co., Ltd.	228,066,277.65	20.42	179,379,038.02	25.93
Chongqing HelpGo Information Technology Co., Ltd	2,643,165.90	0.24	874,338.59	0.13
Chongqing Jiangling Construction Co., Ltd	790,178.28	0.07	19,983.00	-
Chongqing Automobile Air-conditioner Co., Ltd	79,840.10	0.01	-	-
CSIA-Chongqing Tsingshan Transmission Branch	-	-	2,842,344.01	0.42
Chongqing Qingshan Sales Co., Ltd	27,270.00	-	-	-
Chongqing Shangfang Automobile Fittings Co., Ltd	34,653.30	-	-	-
Chongqing Wanyou Economic Development Co., Ltd	29,656.21	-	-	-
Chongqing Wanyou Auto Sales and Service Corporation	146,018.97	0.02	-	-
Total	254,977,593.41	22.83	225,127,837.31	32.54

(4) On 31 December 2010, there is no significant accounts payable whose aging is over one year (On 31 December 2009: Nil).

(5) The Zijin factory of Nanjing Changan Automobile Co., Ltd was located at No.139 Yaoshang Village Xiaguan District Nanjing. In order to speed up the construction of Muyan Riverside Landscape District, Nanjing government is going to take the land

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and relocate the factory. Nanjing Muyan Construction and Development Co., Ltd. is responsible to pay the relocation compensation in behalf of Nanjing government. The total relocation compensation is RMB 200,000,000.00 and half of that has been received through bank acceptance bill on June 2010. According to the agreement, Nanjing Muyan Construction and Development Co., Ltd. will pay the next half when the land transfer procedures and the settlement of original tenants are finished. Since Nanjing Changan Automobile Co., Ltd haven't finished the above issues on 31 December 2010, the Group recognized the received compensation as other payables.

33. Contingent liabilities

2010

Item	Beginning	Addition	Deduction	Ending
Guarantee for external parties (Note 1)	10,602,024.60	-	10,602,024.60	-
Warranty (Note 2)	405,475,601.66	698,408,804.07	484,337,299.87	619,547,105.86
Total	416,077,626.26	698,408,804.07	494,939,324.47	619,547,105.86

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Item	Beginning	Addition	Deduction	Ending
Guarantee for external parties (Note 1)	-	10,602,024.60	-	10,602,024.60
Warranty (Note 2)	213,392,484.92	559,196,591.89	367,113,475.15	405,475,601.66
Total	213,392,484.92	569,798,616.49	367,113,475.15	416,077,626.26

Note1: Guarantee for external parties is the Letter of Guarantee issued by Johannesburg Branch of China Construction Bank for financial credit support for the dealer of Changan and end-users.

Note2: Warranty is the estimated repair expenses for the sold vehicles within warranty period.

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34. Long-term loans within one year

Item	2010	Restated 2009
Long-term loans within one year	50,000,000.00	90,000,000.00
Total	50,000,000.00	90,000,000.00

(1) The classification of long-term loans within one year is as follows:

Item	2010	Restated 2009
Guaranteed loan	-	75,000,000.00
Credit loan	50,000,000.00	15,000,000.00
Total	50,000,000.00	90,000,000.00

On 31 December 2010, there is no overdue long-term loan within one year which has been extended (31 December 2009: nil).

(2) On 31 December 2010, Details of long-term loans within one year are as follows:

Lender	Starting date	Expiring date	Currency	Interest rate	2010		Restated 2009	
					Original currency	Equivalent to RMB	Original currency	Equivalent to RMB
Chongqing branch of The Export-Import Bank of China	9 February 2009	9 February 2011	RMB	4.23		50,000,000.00		50,000,000.00
Total	--			--	--	50,000,000.00	--	50,000,000.00

(3) On 31 December 2009, Details of long-term loans within one year are as follows:

Lender	Starting date	Expiring date	Currency	Interest rate	Restated 2009		2008	
					Original currency	Equivalent to RMB	Original currency	Equivalent to RMB
Chongqing branch of Bank of Communications	22 February 2009	31 December 2010	RMB	5.400%		15,000,000.00		-
China South Industry Group Finance Co., Ltd	9 January 2009	9 January 2014	RMB	6.340%		75,000,000.00		-
Total	--			--	--	90,000,000.00	--	--

(4) On 31 December 2010, there is no long-term loan within one year which is due but to be repaid (31 December 2009: nil).

35. Other current liabilities

Item	2010	Restated 2009
Utilities	5,391,599.01	4,175,607.59
Transportation fee	257,384,325.70	139,790,814.69

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Labor service fee	10,573,890.50	5,532,372.00
Technology royalty	5,590,122.88	6,597,587.11
Commercial discount payable	1,189,637,415.59	630,589,645.55
Distribution expense of tires	-	9,249,733.20
IT service expense	-	-
Market development expense	27,485,484.66	26,248,574.81
Rental	20,607,164.92	4,155,783.00
Others	21,231,717.81	11,354,042.21
Retirement benefits (Item 38, Note V)	4,044,000.00	4,822,000.00
Total	1,541,945,721.07	842,516,160.16

36. Long-term loans

(1) The classification of long-term loans is as follows:

Item	2010	Restated 2009
Mortgage loan	76,000,000.00	124,000,000.00
Credit loan	-	300,000,000.00
Total	76,000,000.00	424,000,000.00

Explanation for the classification of long-term loans:

Long-term loans are the loans borrowed by the Group from the bank or other financial institution which have a term longer than one year or a business cycle longer than one year.

On 31 December 2010, the Group uses the lands use rights amounted to RMB 100,990,193.75 and buildings amounted to RMB 195,715,866.00 as collateral for the short-term loan of RMB 30,000,000.00 and long-term loan of RMB 76,000,000.00 from China South Industry Group Finance Co., Ltd.

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(2) On 31 December 2010, details of long-term loans are as follows:

Lender	Starting date	Expiring date	Currency	Interest rate	2010		Restated 2009	
					Original currency	Equivalent to RMB	Original currency	Equivalent to RMB
China South Industry Group Finance Co., Ltd	9 June 2009	9 June 2012	RMB	5.400%		76,000,000.00		100,000,000.00
Total	--			--	--	76,000,000.00	--	100,000,000.00

(3) On 31 December 2009, details of long-term loans are as follows:

Lender	Starting date	Expiring date	Currency	Interest rate	Restated 2009		2008	
					Original currency	Equivalent to RMB	Original currency	Equivalent to RMB
Chongqing branch of The Export-Import Bank of China	24 January 2009	24 January 2011	RMB	4.230%		200,000,000.00		-
China South Industry Group Finance Co., Ltd	9 June 2009	9 June 2012	RMB	5.310%		100,000,000.00		-
Chongqing branch of The Export-Import Bank of China	9 February 2009	9 February 2011	RMB	4.230%		50,000,000.00		-
Chongqing branch of The Export-Import Bank of China	26 May 2009	20 May 2011	RMB	4.230%		50,000,000.00		-
China South Industry Group Finance Co., Ltd	22 February 2009	22 February 2012	RMB	5.400%		24,000,000.00		-
Total	--			--	--	424,000,000.00	--	-

On 31 December 2010, there is no long-term loan which is due but to be repaid (31 December 2009: nil).

On 31 December 2010, there is no long-term loan formed by extension of overdue loans (31 December 2009: nil).

37. Special payables

2010

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Item	Restated 2009	Addition	Deduction	2010	Note
Project 863	20,453,890.28	7,992,000.00	19,767,748.91	8,678,141.37	
Test on key technology of hybrid electric vehicles	8,028,241.92	3,540,000.00	6,113,879.94	5,454,361.98	
Development of Hydrogen internal-combustion engine	1,084,659.66	-	816,849.92	267,809.74	
Development of technology on trans-region platform	209,007.80	2,600,000.00	2,121,507.70	687,500.10	
New Vehicle product	1,692,878.94	3,000,000.00	240,518.75	4,452,360.19	
Automobile product chain sharing platform	3,275,503.38	430,000.00	2,518,149.28	1,187,354.10	
Yuzui land subsidy	278,500,000.00	-	-	278,500,000.00	
The revitalization and transformation of key industrial technology project	191,590,000.00	-	-	191,590,000.00	
Lightweight design of automotive structures	4,725,631.83	-	4,820,234.47	(94,602.64)	
Gasoline Engine Development	1,086,630.00	720,000.00	1,086,630.00	720,000.00	
Development and industrialization of the embedded software platform for automotive electronic controllers	-	24,830,000.00	18,129,971.44	6,700,028.56	
Others	4,442,961.98	3,742,000.00	2,726,823.99	5,458,137.99	
Total	515,089,405.79	46,854,000.00	58,342,314.40	503,601,091.39	

Restated 2009

Item	2008	Addition	Deduction	Restated 2009	Note
Project 863	25,202,234.77	10,940,000.00	15,688,344.49	20,453,890.28	
Test on key technology of hybrid electric vehicles	6,537,774.46	2,000,000.00	509,532.54	8,028,241.92	
Development of Hydrogen internal-combustion engine	685,381.12	2,000,000.00	1,600,721.46	1,084,659.66	
Development of technology on trans-region platform	-	600,000.00	390,992.20	209,007.80	
New Vehicle product	830,892.94	1,000,000.00	138,014.00	1,692,878.94	
Automobile product chain sharing platform	1,000,000.00	3,710,000.00	1,434,496.62	3,275,503.38	
Yuzui land subsidy	-	278,500,000.00	-	278,500,000.00	

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The revitalization and transformation of key industrial technology project	-	191,590,000.00	-	191,590,000.00	
Lightweight design of automotive structures	-	5,500,000.00	774,368.17	4,725,631.83	
Gasoline Engine Development	-	1,170,000.00	83,370.00	1,086,630.00	
Others	3,683,709.68	3,370,000.00	2,610,747.70	4,442,961.98	
Total	37,939,992.97	500,380,000.00	23,230,587.18	515,089,405.79	

38. Other non-current liabilities

Item	2010	Restated 2009
Retirement benefits	24,300,000.00	30,081,000.00
Deferred income	106,840,000.00	-
Total	131,140,000.00	30,081,000.00

Explanation for other non-current liabilities including all kinds of current government grants relating to assets or income:

On 31 December 2010, the balance of compensation payable is RMB 28,344,000.00 (31 December 2009: RMB 34,903,000.00), including RMB 4,044,000.00 to be paid within one year, which is recorded in other current liabilities (31 December 2009: RMB 4,822,000.00). Refer to Item 35, Note V.

Details of deferred income are as follows:

Item	Balance
Government grants relating to assets:	
Funds for the project of Ministry of Industry and Information Technology	3,200,000.00
Subsidies for the construction of Hebei new plant	27,820,000.00
Subsidies for the automobile comprehensive testing ground project and independence R&D capacity	75,820,000.00
Total	106,840,000.00

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39. Share capital

On 31 December 2010 the registered and paid-in share capital of the Company is RMB 2,325,657,615.00 (31 December 2009: RMB 2,334,022,848.00); the face value of each share is RMB 1.00, and the category and structure of the shares are as follows:

		Restated 2009	Current movement				Subtotal	2010
			Issuance of shares	Stock dividend	Transfer of reserve to common shares	Others		
I.	Restricted shares							
1	State-owned shares	-	-	-	-	-	-	
2	Shares held by state-owned legal persons	829,685,204	-	-	-	(622,263,903)	(622,263,903)	
3	Other domestic shares	-	-	-	-	-	-	
	Including:							
	Shares held by non-state-owned legal persons	-	-	-	-	-	-	
	Shares held by domestic natural person	9,656	-	-	-	25	25	
4	Foreign Shares							
	Including:							
	Shares held by foreign legal persons	-	-	-	-	-	-	
	Shares held by foreign natural persons	-	-	-	-	-	-	
	Total of restricted shares	829,694,860	-	-	-	(622,263,878)	(622,263,878)	
II.	Unrestricted shares							
1	RMB ordinary shares	899,527,988	-	-	-	622,263,878	622,263,878	
2	Foreign-funded shares listed domestically	604,800,000	-	-	-	(8,365,233)	(8,365,233)	
3	Foreign-funded shares listed overseas	-	-	-	-	-	-	
4	Others	-	-	-	-	-	-	
	Total of unrestricted shares	1,504,327,988	-	-	-	613,898,645	613,898,645	
III.	Total shares	2,334,022,848	-	-	-	(8,365,233)	2,325,657,615	

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		2008	Current movement				Restated 2009	
			Issuance of shares	Stock dividend	Transfer of reserve to common shares	Others		Subtotal
I.	Restricted shares							
1	State-owned shares	-	-	-	-	-	-	
2	Shares held by state-owned legal persons	946,386,346	-	-	-	(116,701,142)	(116,701,142)	829,685,204
3	Other domestic shares	-	-	-	-	-	-	-
	Including:							
	Shares held by non-state-owned legal persons	-	-	-	-	-	-	-
	Shares held by domestic natural person	16,766	-	-	-	(7,110)	(7,110)	9,656
4	Foreign Shares							
	Including:							
	Shares held by foreign legal persons	-	-	-	-	-	-	-
	Shares held by foreign natural persons	-	-	-	-	-	-	-
	Total of restricted shares	946,403,112	-	-	-	(116,708,252)	(116,708,252)	829,694,860
II.	Unrestricted shares							
1	RMB ordinary shares	782,819,736	-	-	-	116,708,252	116,708,252	899,527,988
2	Foreign-funded shares listed domestically	604,800,000	-	-	-	-	-	604,800,000
3	Foreign-funded shares listed overseas	-	-	-	-	-	-	-
4	Others	-	-	-	-	-	-	-
	Total of unrestricted shares		-	-	-	116,708,252	116,708,252	1,504,327,988
III.	Total shares	2,334,022,848	-	-	-	-	-	2,334,022,848

Refer to Note III and Item 41, Note V. for the explanation for the movement of share capital.

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40. Capital reserves

2010

Item	Restated 2009	Addition	Deduction	2010
Share premium	1,512,129,865.42	-	207,374,087.40	1,304,755,778.02
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Impairment of equity investment	17,015,985.20	-	-	17,015,985.20
Others	223,961,465.85	-	52,051,875.00	171,909,590.85
Total	1,797,604,215.47	-	259,425,962.40	1,538,178,253.07

Restated 2009

Item	2008	Addition	Deduction	Restated 2009
Share premium	1,512,229,865.42	-	100,000.00	1,512,129,865.42
Capital reserve transferred arising from the old standards	44,496,899.00	-	-	44,496,899.00
Impairment of equity investment	17,015,985.20	-	-	17,015,985.20
Others	29,786,931.44	194,174,534.41	-	223,961,465.85
Total	1,603,529,681.06	194,174,534.41	100,000.00	1,797,604,215.47

Explanation for capital reserve:

The deduction of share premium is due to the business combination involving entities under common control of Changan Jinling amounted to RMB 42,466,616.05, the buy-back of B shares amounted to RMB 18,560,498.38 and the repurchase of minority shares amounted to RMB 30,681,768.54.

The deduction of other capital reserves is due to the fair value fluctuation of available-for-sale financial assets amounted to RMB 52,051,875.00, and restated beginning balance after combination of Changan Jingling amounted to RMB 97,100,000.00.

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41. Treasury shares

Item	2010	Restated 2009
Buy-back of B shares	-	26,925,731.38

Explanation for treasury shares:

According to March 4th 2009 Shareholders Meeting adopted B shares buy-back program. Under the conditions of the total amount of buy-back funds not more than 909 million HKD and the share price not higher than 3.68 HKD per share, have a choose to repurchase during one year since the announcement date, and the number of repurchase up to more than 423 million shares of B shares.

As at 3 March 2010, the Company has repurchased B shares accumulated 8,365,233 shares. These treasury shares were written off on 17 March 2010.

42. Surplus reserves

Item	Restated 2009	Addition	Deduction	2010
Statutory surplus	1,167,011,424.00	-	-	1,167,011,424.00

Since the accumulated surplus reserves have reached 50% of registered capital, no more surplus reserve will be appropriated.

43. Retained earnings

Item	2010	Restated 2009
Retained earnings at beginning of year before adjustments	3,632,676,370.48	2,720,272,069.26
Total adjustments for beginning retained earnings	86,094,176.14	43,846,714.69
Retained earnings at beginning of year after adjustments	3,718,770,546.62	2,764,118,783.95
Add: Net profit belong to parent company	2,026,986,470.02	1,120,706,384.17
Less: Appropriation to statutory surplus reserves	-	124,042,475.94
Ordinary share dividend	151,061,862.09	42,012,145.56
Retained earnings at the end of year	5,594,695,154.55	3,718,770,546.62

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Details of adjustments for beginning retained earnings:

- (1) The retrospective adjustments in accordance with the “Accounting Standards for Business Enterprises - Basic Standards” and 38 specific standards increased the retained earnings by RMB 94,816,111.02 (2009: RMB 58,047,112.61).
- (2) The adjustments due to the change of scope of the business combination involving entities under common control decreased the retained earnings by RMB 8,721,934.88 (2009: RMB 14,200,397.92).

According to the Resolutions of Shareholders' Meeting of 2009, the Company allotted RMB 0.65 cash dividend per 10 shares to all shareholders on the basis of total shares of 2,325,657,615 (already excluding 8,365,233 B shares repurchased and written-off) on 26 April 2010. Total cash allotted amounts to RMB 151,167,744.98 (tax included). The actual allotted amounted to RMB 151,061,862.09.

The distribution of annual profit of the year 2010 is determined by the Company's nineteenth session of the fifth board as: allot 4 shares and RMB 0.8 per 10 shares to all shareholders on the basis of total shares of 2,685,823,637 (already including 360,166,022 A shares additional offered on 14 January 2011). Total allotted shares and cash are amount to 1,074,329,455 shares and RMB 214,865,890.96. The proposal is to be reviewed and approved by the shareholders' meeting.

44. Operating revenue and cost

- (1) Operating revenue

Item	2010	Restated 2009
Operating revenue	31,880,665,101.70	24,617,255,471.07
Other operating revenue	1,191,459,109.59	975,708,711.96
Total revenue	33,072,124,211.29	25,592,964,183.03
Operating cost	27,303,257,100.83	20,427,692,279.72

- (2) Operating revenue listed by products as follows:

Product	2010		Restated 2009	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Sale of goods	31,227,000,868.46	25,695,547,467.02	24,131,646,531.66	19,278,367,980.54
Outsourcing processing	653,664,233.24	631,517,648.13	485,608,939.41	384,987,373.86
Total	31,880,665,101.70	26,327,065,115.15	24,617,255,471.07	19,663,355,354.40

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(3) Top five customers of operating revenue are as follows:

2010

Customer	Operating revenue	Proportion of total operating revenue (%)
First	2,150,815,021.93	6.50
Second	1,675,302,417.72	5.07
Third	1,407,081,414.46	4.25
Fourth	1,283,193,264.75	3.88
Fifth	1,140,336,884.71	3.45
Total	7,656,729,003.57	23.15

Restated 2009

Customer	Operating revenue	Proportion of total operating revenue (%)
First	2,019,328,079.55	7.89
Second	1,817,563,558.88	7.10
Third	1,042,283,889.37	4.07
Fourth	978,485,738.41	3.82
Fifth	902,717,804.53	3.53
Total	6,760,379,070.74	26.41

45. Business tax and surcharges

Item	2010	Restated 2009	The standard for calculation and payment
Business tax	2,608,450.35	11,056,162.79	Refer to Note III
Consumption tax	520,655,625.12	387,437,187.22	Refer to Note III
City maintenance and construction tax	101,867,100.50	97,804,732.63	Refer to Note III
Education additional expenses	51,076,746.59	46,864,522.42	Refer to Note III
Others	(13,388.61)	130,031.13	Refer to Note III
Total	676,194,533.95	543,292,636.19	

46. Operating expenses

Item	2010	Restated 2009
Payroll and welfare	171,375,305.64	147,171,397.24
Promotion fee	533,042,723.39	370,806,561.84
Transportation expenses	1,243,232,119.15	981,876,962.42

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Travelling expenses	31,614,844.12	24,133,172.79
Package expenses	24,649,708.08	13,948,793.65
Administrative expenses	19,949,528.55	28,994,536.64
Selling service fee	572,310,908.96	476,142,327.67
Sales discount	593,244,199.09	376,741,760.73
Others	40,934,237.59	65,781,793.04
Total	3,230,353,574.57	2,485,597,306.02

47. General and administrative expenses

Item	2010	Restated 2009
Payroll and welfare	355,457,701.15	348,934,840.97
Technology research expenses	691,389,396.51	482,234,868.87
Administrative expenses	183,539,351.58	80,618,655.57
Depreciation and amortization	141,948,587.96	110,424,880.91
Miscellaneous service charges	65,064,928.03	80,599,320.05
Tax fee	55,651,550.09	38,724,657.70
Traffic expenses	15,005,584.25	15,293,682.40
Travelling expenses	19,451,053.56	12,987,716.90
Entertainment expenses	28,636,107.98	15,338,156.73
Others	16,966,346.73	62,733,716.07
Total	1,573,110,607.84	1,247,890,496.17

48. Financial expenses

Item	2010	Restated 2009
Interest expense	31,463,716.84	71,173,574.72
Less: interest income	85,635,096.05	51,582,414.53
capitalized interest	12,780,942.27	20,119,739.14
Exchange gain or loss	6,196,230.33	5,923,414.73
Others	6,658,645.69	4,897,390.47
Total	(54,097,445.46)	10,292,226.25

49. Impairment loss on assets

Item	2010	Restated 2009
1. Bad debt loss	1,313,055.87	36,714,245.40
2. Impairment provision of obsolete inventory	(10,258,642.62)	160,701,641.73
3. Impairment provision of financial assets held for trading	-	-
4. Impairment provision of	-	-

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held-to-maturity investments		
5. Impairment provision of long-term equity investments	-	-
6. Impairment provision of Investment real-estates	-	-
7. Impairment provision of fixed assets	10,393,728.94	376,224,060.42
8. Impairment provision of project materials	-	-
9. Impairment provision of construction in progress	-	-
10. Impairment provision of productive biological assets	-	-
11. Impairment provision of oil gas assets	-	-
12. Impairment provision of intangible assets	-	-
13. Impairment provision of goodwill	-	-
14. Others	-	-
Total	1,448,142.19	573,639,947.55

50. Profit and loss from fair value changes

Sources of fair value changes	2010	Restated 2009
Financial assets held for trading	4,563,744.00	-
Financial liabilities held for trading	-	5,209,664.00
Total	4,563,744.00	5,209,664.00

51. Investment income

(1) Details of investment income

Item	2010	Restated 2009
Long-term equity investment income under cost method	6,000,000.00	8,204,861.19
Long-term equity investment income under equity method	1,568,729,946.48	796,134,444.03
Long-term equity investment income through disposal	56,496,212.13	-
Total	1,631,226,158.61	804,339,305.22

(2) Long-term equity investment income under cost method

Investee	2010	Restated 2009	Reason for the
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			fluctuation
China South Industry Group Finance Co., Ltd	6,000,000.00	6,800,000.00	-
Total	6,000,000.00	6,800,000.00	-

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(3) Long-term equity investment income under equity method

Investee	2010	Restated 2009	Reason for the fluctuation
Changan Ford Mazda Automobile Co., Ltd	1,203,083,300.74	835,396,052.89	Sales expansion caused the increase of profit
Chongqing Changan Suzuki Automobile Co., Ltd	75,054,967.67	40,156,019.85	Sales expansion caused the increase of profit
Changan Ford Mazda Engine Co., Ltd	38,164,980.89	4,319,921.18	Sales expansion caused the increase of profit
Jiangling Holding Co., Ltd	248,123,047.46	(83,737,549.89)	Sales expansion of the joint venture company, Jiangling Motors Co, Ltd. caused the increase of profit
Chongqing HelpGo Information Technology Co., Ltd	3,854,619.24	259,541.52	-
Total	1,568,280,916.00	796,393,985.55	

Note: only top five investees whose investment income took the highest proportion of total profit are listed.

52. Non-operating income

Item	2010	Restated 2009	Amount recognized as non-recurring profit and loss
Gain on the disposal of non-current assets	1,678,468.09	18,627,851.25	1,678,468.09
Including: gain on the disposal of fixed assets	1,678,468.09	18,627,851.25	1,678,468.09
Government grants	50,938,346.80	12,149,908.82	50,938,346.80
Others	10,859,321.83	9,775,351.27	10,859,321.83
Total	63,476,136.72	40,553,111.34	63,476,136.72

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53. Non-operating expenses

Item	2010	Restated 2009	Amount recognized as non-recurring profit and loss
Loss on the disposal of non-current assets	37,355,062.26	32,787,720.82	37,355,062.26
Including: loss on the disposal of fixed assets	37,355,062.26	32,787,720.82	37,355,062.26
Donation	1,689,100.00	609,056.15	1,689,100.00
Vehicle premium	7,656,395.20	8,341,687.46	7,656,395.20
Others	3,653,166.53	3,153,120.10	3,653,166.53
Total	50,353,723.99	44,891,584.53	50,353,723.99

54. Income tax expense

The relationship between income tax expense and total profit is as follows:

Item	2010	Restated 2009
Current income tax expense	97,433,734.21	186,092,155.08
Deferred income tax expense	(112,410,870.49)	(181,720,274.72)
	(14,977,136.28)	4,371,880.36

Item	2010	Restated 2009
Total profit	1,990,770,012.71	1,109,769,787.15
Tax at the applicable tax rate (Note)	298,615,501.90	166,465,468.07
Impact of non-uniform tax rates of subsidiaries	(8,387,025.08)	(18,061,019.40)
Adjustments to current income tax of previous period	(34,855,391.53)	4,822,651.35
Profit or loss attributable to joint ventures and associates	(235,242,137.40)	(119,486,596.42)
Income not subject to tax	(12,800,420.27)	(1,119,385.60)
Non-deductible tax expense	9,178,882.69	9,739,391.01
Deductible loss of previous period	(729,503.49)	(88,953,151.91)
Unrecognized tax loss	39,929,364.09	55,620,725.83
Additional deduction arising from research and development expense	(70,686,407.19)	(4,656,202.57)

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Tax expense under actual tax rate of the Group	(14,977,136.28)	4,371,880.36
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Note: The Group accrues the income tax according to the estimated taxable income acquired within PRC and suitable tax rate.

55. Earnings per share

The basic EPS is calculated by dividing the net profit of the current period attributable to the ordinary shareholders of the Company by the weighted average number of outstanding ordinary shares.

The Company has no dilutive potential common stock.

	2010	Restated 2009
Earnings		
Net profit belong to ordinary shares	2,052,596,782.64	1,120,706,384.17
Shares		
Weighted average ordinary shares	2,323,808,623	2,330,082,548

As of 3 March 2010, the Company repurchased 8,365,233 B shares. The effect on weighted average ordinary shares is calculated by the accumulated months from the next month of repurchase to balance sheet date.

As of the balance sheet date and to the approval date of reporting, there is no event that may causes changes in ordinary shares or potential ordinary shares.

56. Other comprehensive income

Item	2010	Restated 2009
1. Profits (loss) generated from available for sale financial assets	(61,237,500.00)	215,325,000.00
Less: Available for sale financial assets arising from income tax effect	(9,185,625.00)	32,298,750.00
Total	(52,051,875.00)	183,026,250.00

57. Notes to cash flow statement

(1) Cash received relating to other operating activities:

Item	2010	Restated 2009
Interest income	85,635,096.05	50,296,610.30

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Government subsidy	50,938,346.80	18,259,069.93
Total	136,573,442.85	68,555,680.23

(2) Cash paid relating to other operating activities:

Item	2010	Restated 2009
Selling expense	1,956,626,663.08	1,387,132,261.66
Administrative expense	1,072,619,646.98	507,812,117.63
Total	3,029,246,310.06	1,894,944,379.29

(3) Cash received relating to other investing activities:

Item	2010	Restated 2009
Special appropriation	122,140,000.00	470,090,000.00
Total	122,140,000.00	470,090,000.00

(4) Cash paid relating to other investing activities:

Item	2010	Restated 2009
Deposit returned	85,493,540.57	85,984,026.10
Total	85,493,540.57	85,984,026.10

(5) Cash received relating to other financing activities:

Item	2010	Restated 2009
Payment for buy-back of shares	-	26,925,731.38
Payment for deposit	190,991,907.61	85,493,540.57
Total	190,991,907.61	112,419,271.95

58. Supplementary information of cash flow statement

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(1) Supplementary information of cash flow statement

Currency: RMB

Supplementary information	2010	Restated 2009
1. Cash flows from operating activities calculated by adjusting the net profit		
Net profit	2,005,747,148.99	1,105,397,906.80
Add: impairment provision for assets	1,448,142.19	573,639,947.55
Depreciation of fixed assets, oil gas assets and productive biological assets	419,846,569.44	487,835,256.70
Depreciation and amortization of investment real-estate	2,572,364.77	3,082,972.83
Amortization of intangible assets	103,116,317.44	66,984,415.69
Amortization of long-term deferred expense	2,439,007.06	3,071,155.51
Disposal of fixed assets, intangible assets and others long-term assets	34,793,139.19	14,159,869.56
Loss (gain) on retirement of fixed assets	-	-
Gain from fair value changes	(4,563,744.00)	(5,209,664.00)
Financial expense	(31,537,650.59)	61,874,640.78
Investment loss	(1,631,226,158.61)	(804,339,305.22)
Decrease in deferred tax assets	(112,410,870.49)	(182,847,787.88)
Increase in deferred tax liabilities	(9,185,625.00)	32,298,750.00
Decrease in inventory	214,715,591.51	(931,366,795.55)
Increase in operating receivables	(1,735,626,202.95)	(5,003,008,081.91)
Increase in operating payables	3,434,947,941.08	7,765,602,056.40
Others		
Net cash flows from operating activities	2,695,075,970.03	3,187,175,337.26
2. Movement of cash and cash equivalents		
Ending balance of cash	4,200,998,142.11	3,572,887,387.93
Less: beginning balance of cash	3,572,887,387.93	1,586,062,062.26
Add: ending balance of cash equivalents	-	-
Less: beginning balance of cash equivalents	-	-
Increase in cash and cash equivalents	628,110,754.18	1,986,825,325.67

(2) The information of acquisition or disposal of subsidiaries or other business units

Item	2010	Restated 2009
I. The information of acquisition of subsidiaries or other business units		

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1. The price of acquired subsidiaries or other business units		
2. The cash and cash equivalents paid for acquisition of subsidiaries or other business units		
Less: the cash and cash equivalents obtained by acquired subsidiaries or other business units		
3. The net cash and cash equivalents paid for acquisition of subsidiaries or other business units		
4. The net assets of acquired subsidiaries		
Current assets		
Non-current assets		
Current liabilities		
Non-current liabilities		
II. The information of disposal of subsidiaries or other business units		
1. The price of disposed subsidiaries or other business units	55,414,800.00	5,639,517.61
2. The cash and cash equivalents received from disposal of subsidiaries or other business units	55,414,800.00	5,639,517.61
Less: the cash and cash equivalents obtained by disposed subsidiaries or other business units	47,978,685.19	1,051,757.88
3. The net cash and cash equivalents received from disposal of subsidiaries or other business units	7,436,114.81	4,587,759.73
4. The net assets of disposed subsidiaries	67,899,158.36	2,846,146.90
Current assets	156,774,649.00	15,162,691.74
Non-current assets	67,669,579.62	247,714.37
Current liabilities	156,545,070.26	12,564,259.21

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(3) Cash and cash equivalents

Item	2010	Restated 2009
I. Cash		
Including: Cash on hand	16,704.99	91,649.54
Bank deposits that can be readily used	4,200,981,437.12	3,505,712,554.80
Other monetary assets that can be readily used	-	67,083,183.59
II. Cash equivalents		
Including: bond investment matured within 3 months	-	-
III. Ending balance of cash and cash equivalents	4,200,998,142.11	3,572,887,387.93

Note: the restricted cash and cash equivalents of the Group are not included in the cash and cash equivalents.

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VI. Related party relationships and transactions

1. Criteria for the identification of related parties

If a party has the power to control, jointly control or exercise significant influence over another party, they are regarded as related parties. Two or more parties are also regarded as related parties if they are subject to control, joint control or significant influence from the same party.

The following are related parties of the Group:

- (1) parents of the Group;
- (2) subsidiaries of the Group;
- (3) other enterprises that are controlled by the same parent as the Group;
- (4) investors who have joint control over the Group;
- (5) investors who can exercise significant influence over the Group;
- (6) joint ventures in which the Group is a investor;
- (7) associates of the Group;
- (8) principal individual investors of the Group, and close family members of such individuals;
- (9) key management personnel of the Group or its parent, and close family members of such individuals;
- (10) other enterprises that are controlled, jointly controlled, or significantly influenced by the Group's principal individual investors, key management personnel, or close family members of such individuals.

Enterprises are not regarded as related parties simply because they are under the common control from the State, if no other related party relationships exist between them.

2. Parent and subsidiaries

Parent	Place of registration	Nature of the business	Proportion of shares in the Company	Corporate type	Legal representative
China Changan Automobile Group Co., Ltd	Beijing	Manufacture and sale of automobiles, engine, and components	45.71%	Company limited by shares	Xu Bin

The registered capital and paid-up capital is unchanged in 2010.

Refer to Note IV "Scope of consolidation for consolidated financial statements" for details of the Group's subsidiaries.

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3. Other related parties

Related parties	Relationship	Organization code
China South Industries Group Corporation	Ultimate holding company	-
Changan Ford Mazda Engine Co., Ltd	Joint venture	71785962-1
Changan Ford Mazda Automobile Co., Ltd	Joint venture	70937510-9
Chongqing Changan Suzuki Automobile Co., Ltd	Joint venture	62190016-7
Jiangling Holding Co., Ltd	Joint venture	76703230-7
Chongqing HelpGo Information Technology Co., Ltd	Associate	70932938-0
China South Industries Automobile Co., Ltd		
China Changan Automobile Co., Ltd - Jian'an Automobile Bridge Branch (hereafter referred to as "Jian'an Automobile Bridge Branch")	Branch of parent	79184573-8
China Changan Automobile Co., Ltd - Chongqing Tsingshan Transmission Branch (hereafter referred to as "Chongqing Tsingshan Transmission Branch")	Branch of parent	79350521-9
South Tianhe Chassis System Co., Ltd	Controlled by the same parent company	77487491-6
South Yingte Air-conditioner Co., Ltd	Controlled by the same parent company	62192592-X
Chongqing Changfeng Jiquan Machinery Co., Ltd	Controlled by the same parent company	74745528-1
Chongqing Automobile Air-conditioner Co., Ltd	Controlled by the same parent company	20304827-4
Hafei Motor Co., Ltd.	Controlled by the same parent company	-
Dongan Auto Engine Co., Ltd.	Controlled by the same parent company	-
Harbin Dongan Automotive Engine Manufacturing Co., Ltd.	Controlled by the same parent company	-
Jiangxi Changhe Automobile Co., Ltd.	Controlled by the same parent company	-
Jiangxi Changhe Suzuki Automobile Co., Ltd.	Controlled by the same parent company	-
Chongqing Anfu Automobile Co., Ltd	Controlled by the same parent company	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Associate of the parent company	79589352-6
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	Controlled by the same ultimate holding company	78914008-5
Baoding Changan Car Manufacturing Co., Ltd	Controlled by the same ultimate holding company	78081551-7
Chongqing Changan Construction Co., Ltd	Controlled by the same ultimate holding company	20281750-9
Chongqing Changan Min Sheng Logistics Co., Ltd.	Controlled by the same ultimate holding company	70942619-9
Chongqing Jiangling Construction Co., Ltd	Controlled by the same ultimate holding company	20287906-8
Sichuan Hongguang Machinery and Electrics Co., Ltd	Controlled by the same ultimate holding	62170388-4

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Related parties	Relationship	Organization code
	company	
Chongqing Changan Kuayue Automobile Co., Ltd	Controlled by the same ultimate holding company	20287102-3
Beijing Beiji Mechanical and Electrical Industry Co., Ltd	Controlled by the same ultimate holding company	-
Chongqing Changan Real Estate Development Co., Ltd	Controlled by the same ultimate holding company	20283366-8
China South Industry Group Finance Co., Ltd	Controlled by the same ultimate holding company	-
Changan Industries Group Co. Ltd	Controlled by the same ultimate holding company	20281485-4
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	Controlled by the same ultimate holding company	-
Chengdu Lingchuan Special Industry Co., Ltd	Controlled by the same ultimate holding company	66302209-1
Chengdu Wanyou Economic Technological Development Co., Ltd	Controlled by the same ultimate holding company	20196934-4
Chengdu Wanyou Filter Co., Ltd	Controlled by the same ultimate holding company	62170342-X
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	Controlled by the same ultimate holding company	71466819-2
Southwest Industries Corporation	Controlled by the same ultimate holding company	20281049-0
Yunnan Xiyi Industries Co., Ltd	Controlled by the same ultimate holding company	-
Chongqing Changrong Machinery Co., Ltd	Controlled by the same ultimate holding company	-
Chongqing Dajiang Millison Die-Casting Co., Ltd	Controlled by the same ultimate holding company	70937502-9
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	Controlled by the same ultimate holding company	-
Chongqing Dajiang Yuqiang Plastic Co., Ltd	Controlled by the same ultimate holding company	62190601-6
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	Controlled by the same ultimate holding company	-
Congqing Jiangda Aluminum Alloy Wheel Co., Ltd	Controlled by the same ultimate holding company	20343618-9
Chongqing Qingshan Sales Co., Ltd	Controlled by the same	-

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	ultimate holding company	
Chongqing Shangfang Automobile Fittings Co., Ltd	Controlled by the same ultimate holding company	75008974500
Chongqing Wanbing Material Co., Ltd	Controlled by the same ultimate holding company	75005068-0
Chongqing Wanyou Economic Development Co., Ltd	Controlled by the same ultimate holding company	20286206-3
Chongqing Wanyou Auto Sales and Service Corporation	Controlled by the same ultimate holding company	20280671-5
Chongqing Yihong Engineering Plastic Products Co., Ltd	Controlled by the same ultimate holding company	62190975-1
Guangxi Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	75978537-6
Guizhou Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	70960979-6
Jieyang Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	78202350-5
Yunnan Wanyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	70970600-0
Foshan Wangyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	76158243-9
Liuzhou Wangyou Auto Sales and Service Co., Ltd	Controlled by the same ultimate holding company	
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd	Controlled by the same ultimate holding company	-
Chongqing Changan Jinling Vehicles Parts Co., Ltd	Historical related party	75306009-1
Chongqing Changan Lingyun Automobile Components Co., Ltd	Historical related party	62192028-0
Chengdu Tianxing Instrument and Meter Co., Ltd	Historical related party	63313493-0
Congqing Jiangda Aluminium Alloy Wheel Co., Ltd	Historical related party	20343618-9

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4. Major transactions between the Group and its related parties

(1) Transactions of goods and services

Purchases of goods and services from related parties

Related parties	Nature of the transaction	2010		Restated 2009	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Ford Mazda Automobile Co., Ltd	Purchase of cars and spare parts	684,310,145.28	2.50	700,543,397.78	3.22
Chongqing Changan Suzuki Automobile Co., Ltd	Purchase of cars and spare parts	28,284,282.28	0.10	13,991,503.02	0.06
Jiangling Holding Co., Ltd		-	-	692,356.16	-
Baoding Changan Car Manufacturing Co., Ltd	Purchase of spare parts	248,982,845.80	0.91	165,934,986.31	0.76
Chongqing Changan Min Sheng Logistics Co., Ltd.	Transportation fee	1,300,708,270.89	4.74	980,328,754.13	4.50
Sichuan Hongguang Machinery and Electrics Co., Ltd	Purchase of spare parts	102,781,894.80	0.37	80,309,669.02	0.37
Chongqing Changan Kuayue Automobile Co., Ltd	Purchase of spare parts	88,971,055.58	0.32	94,390,517.18	0.43
CSIA-Jian'an Automobile Bridge Branch	Purchase of spare parts	874,119,247.44	3.18	593,600,273.42	2.72
CSIA-Chongqing Tsingshan Transmission Branch	Purchase of spare parts	1,101,874,743.08	4.02	692,619,887.48	3.18
Sichuan Ningjiang Shanchuan Machinery Co., Ltd	Purchase of spare parts	179,143,612.29	0.65	163,896,227.30	0.75

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Related parties	Nature of the transaction	2010		Restated 2009	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd	Purchase of spare parts	91,644,528.47	0.33	34,282,873.65	0.16
South Tianhe Chassis System Co., Ltd	Purchase of spare parts	490,062,445.16	1.78	303,225,050.70	1.39
South Yingte Air-conditioner Co., Ltd	Purchase of spare parts	18,325,290.68	0.07	12,894,774.03	0.06
Chongqing Changan Lingyun Automobile Components Co., Ltd	Purchase of spare parts	11,137,379.10	0.04	3,702,639.38	0.02
Chongqing Changfeng Jiquan Machinery Co., Ltd	Purchase of spare parts	11,707,107.92	0.04	4,344,666.91	0.02
Chongqing Automobile Air-conditioner Co., Ltd	Purchase of spare parts	89,550,557.38	0.33	79,172,495.05	0.36
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Purchase of spare parts	45,528,633.01	0.17	35,840,898.07	0.16
Beijing Beiji Mechanical and Electrical Industry Co., Ltd	Purchase of spare parts	1,591,045.26	0.01	2,520,447.57	0.01
Changan Industries Group Co. Ltd	Purchase of spare parts	55,365,774.61	0.20	28,766,040.82	0.13
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	Purchase of spare parts	142,830,179.61	0.52	43,125,321.28	0.20
Chengdu Lingchuan Special Industry Co., Ltd	Purchase of spare parts	277,123,374.00	1.01	183,377,345.62	0.84

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Related parties	Nature of the transaction	2010		Restated 2009	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chengdu Tianxing Instrument and Meter Co., Ltd	Purchase of spare parts	123,711,844.66	0.45	84,473,436.58	0.39
Chengdu Wanyou Filter Co., Ltd	Purchase of spare parts	31,222,115.99	0.11	18,710,785.76	0.09
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	Purchase of spare parts	124,045,446.14	0.45	110,492,984.88	0.51
Yunnan Xiyi Industries Co., Ltd	Purchase of spare parts	49,366,842.44	0.18	36,945,476.09	0.17
Chongqing Changrong Machinery Co., Ltd	Purchase of spare parts	215,042,264.26	0.78	196,483,654.99	0.90
Chongqing Dajiang Millison Die-Casting Co., Ltd	Purchase of spare parts	18,310,630.35	0.07	11,928,526.19	0.05
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	Purchase of spare parts	87,750,264.61	0.32	79,713,729.09	0.37
Chongqing Dajiang Yuqiang Plastic Co., Ltd	Purchase of spare parts	174,016.77	0.00	403,466.08	-
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	Purchase of spare parts	95,796,105.47	0.35	94,801,661.93	0.44
Congqing Jiangda Aluminum Alloy Wheel Co., Ltd	Purchase of spare parts	30,720,724.55	0.11	12,446,055.09	0.06
Chongqing Qingshan Sales Co., Ltd	Purchase of spare parts	12,330,469.90	0.04	5,965,465.19	0.03

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Related parties	Nature of the transaction	2010		Restated 2009	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Shangfang Automobile Fittings Co., Ltd	Purchase of spare parts	131,795,671.72	0.48	87,006,027.88	0.40
Chongqing Wanyou Economic Development Co., Ltd	Purchase of spare parts	78,977,023.03	0.29	52,733,900.95	0.24
Hafei Automobile Co., Ltd.	Purchase of spare parts	40,975,399.63	0.15	-	-
Chongqing Changan Construction Co., Ltd	Purchase of spare parts	4,840,006.30	0.02	-	-
Chongqing Yihong Engineering Plastic Products Co., Ltd	Purchase of spare parts	10,333,448.66	0.04	8,337,944.77	0.05
Total		6,899,434,687.12	25.13	5,018,003,240.35	23.04

The price of the Group's purchase from related parties is based on contracts agreed by both parties.

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Sales of goods and services to related parties

Related parties	Nature of the transaction	2010		Restated 2009	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Ford Mazda Automobile Co., Ltd	Sale of cares and maintenance	483,167,920.28	1.46	371,970,594.20	1.45
Chongqing Changan Kuayue Automobile Co., Ltd	Sale of cares and maintenance	84,367,517.59	0.26	126,556,150.41	0.49
Chongqing Changan Suzuki Automobile Co., Ltd	Sale of cares and spare parts	15,794,581.99	0.05	55,312,859.84	0.22
Changan Industries Group Co. Ltd	Sale of cares and maintenance	3,155,614.91	0.01	3,549,476.62	0.01
South Tianhe Chassis System Co., Ltd	Maintenance	3,735,182.33	0.01	1,416,376.49	0.01
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	Maintenance	465,483.55	0.00	745,276.82	0.00
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	Maintenance	1,302,043.69	0.00	632,483.10	0.00
Chengdu Tianxing Instrument and Meter Co., Ltd	Maintenance	1,768,132.18	0.01	1,997,212.52	0.01
Chongqing Automobile Air-conditioner Co., Ltd	Maintenance	575,661.33	0.00	69,184.16	0.00
Chongqing Dajiang Millison Die-Casting Co., Ltd	Maintenance	304,020.91	0.00	36,400.14	0.00
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd	Maintenance	1,774,047.42	0.01	-	-
Chongqing Changrong Machinery Co., Ltd	Maintenance	1,556,061.28	0.00	1,381,197.09	0.01
Sichuan Ningjiang Shanchuan Machinery Co.,	Maintenance	2,116,222.22	0.01	1,655,029.85	0.01

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Related parties	Nature of the transaction	2010		Restated 2009	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Ltd					
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Maintenance	1,491.67	0.00	6,167,876.24	0.02
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	Maintenance	7,244.09	0.00	-	-
Chengdu Wanyou Filter Co., Ltd	Maintenance	2,136.11	0.00	1,115.38	0.00
CSIA-Chongqing Tsingshan Transmission Branch	Maintenance	1,816,154.28	0.01	1,244,775.98	0.00
Chongqing Changfeng Jiquan Machinery Co., Ltd	Maintenance	72,026.76	0.00	-	-
Southwest Industries Corporation	Sale of cares and spare parts	1,140,773,895.82	3.45	978,485,738.41	3.82
Chengdu Wanyou Economic Technological Development Co., Ltd	Sale of cares and spare parts	1,681,256,152.83	5.08	1,817,563,558.88	7.10
Chongqing Wanyou Economic Development Co., Ltd	Sale of cares and maintenance	552,961,537.55	1.67	476,537,249.58	1.86
Yunnan Xiyi Industries Co., Ltd	Maintenance	5,362.00	0.00	-	-
Congqing Jiangda Aluminum Alloy Wheel Co., Ltd	Sale of cares and spare parts	-	0.00	-	-
Chongqing Shangfang Automobile Fittings Co., Ltd	Sale of cares and maintenance	150,778.94	0.00	500,764.94	0.00
South Yingte Air-conditioner Co., Ltd	Sale of cares and spare parts	71,367.94	0.00	40,148.67	0.00
Sichuan Hongguang Machinery and Electrics Co., Ltd	Sale of cares and maintenance	65,580,860.35	0.20	54,799,326.58	0.21
Chengdu Lingchuan Special Industry Co., Ltd	Sale of cares and maintenance	144,597,274.12	0.44	122,876,090.74	0.48

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Related parties	Nature of the transaction	2010		Restated 2009	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Changan Lingyun Automobile Components Co., Ltd	Sale of cares and spare parts	3,492,425.28	0.01	812.99	0.00
Chengdu Lingchuan Special Industry Co., Ltd	Sale of cares and maintenance	46,241,061.12	0.14	32,410,621.17	0.13
Chongqing Changan Min Sheng Logistics Co., Ltd.	Sale of cares and spare parts	375,117.53	0.00	-	-
Hafei Motor Co., Ltd.	Sale of spare parts	60,631,096.88	0.18	-	-
Guangxi Wanyou Auto Sales and Service Co., Ltd	Sale of cares and spare parts	90,118,438.82	0.27	106,970,539.12	0.42
Guizhou Wanyou Auto Sales and Service Co., Ltd	Sale of cares and spare parts	482,160,839.06	1.46	309,868,738.19	1.21
Yunnan Wanyou Auto Sales and Service Co., Ltd	Sale of cares and spare parts	311,053,367.69	0.94	148,240,829.49	0.58
Foshan Wangyou Auto Sales and Service Co., Ltd	Sale of cares and spare parts	2,367.91	0.00	13,494,279.32	0.05
Jieyang Wanyou Auto Sales and Service Co., Ltd	Sale of cares and spare parts	9,045,114.70	0.03	17,108,420.66	0.07
Chongqing Changan Real Estate Development Co., Ltd	Sale of cares and spare parts	62,393.16	0.00	-	-
CSIA-Jian'an Automobile Bridge Branch	Sale of cares and maintenance	3,501,747.84	0.01	603,518.80	0.00
Chongqing Anfu Automobile Co., Ltd	Sale of cars	30,248,886.12	0.09	-	-
Chongqing Qingshan Sales Co., Ltd	Sale of cars	-	-	7,094.02	0.00
Jiangling Holding Co., Ltd	Sale of spare parts	-	-	10,046,178.61	0.04
Chongqing Wanbing Material Co., Ltd	Sale of cares and spare parts	-	-	128,251,201.67	0.52
Chongqing Yihong Engineering Plastic Products	Maintenance	-	-	1,382.31	0.00

Chongqing Changan Automobile Company Limited
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Related parties	Nature of the transaction	2010		Restated 2009	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Co., Ltd					
Total		5,224,311,628.25	15.80	4,790,542,502.99	18.72

The price of the Group's sales to related parties is based on contracts agreed by all parties.

Chongqing Changan Automobile Company Limited
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Other major related-party transactions

Expenses of integrated service charges

Related parties	Nature of the transaction	2010		Restated 2009	
		Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Industries Group Co. Ltd	Payment of trademark royalties	13,771,020.00	4.18	18,605,880.00	7.53
	Payment of land rental fees	15,674,692.50	4.76	20,879,987.15	8.45
	Payment of building rental fees	36,099,414.54	10.97	22,584,022.10	9.14
	Payment of utilities	241,967,494.85	73.51	157,776,045.11	63.86
	Payment of fire fighting fees	11,000,000.00	3.34	11,000,000.00	4.45
	Others	10,680,397.49	3.24	16,203,535.80	6.57
Total		329,193,019.38	100.00	247,049,470.16	100.00

Chongqing Changan Automobile Company Limited
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Purchase of project materials

Related parties	2010		Restated 2009	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Changan Construction Co., Ltd	279,408,297.13	15.30	154,623,300.02	13.99
Chongqing HelpGo Information Technology Co., Ltd	817,651.23	0.04	16,251,697.85	1.47
Chongqing Changan Min Sheng Logistics Co., Ltd.	-	0.00	5,851,527.25	0.53
Changan Industries Group Co. Ltd	2,741,455.00	0.16	8,579,468.00	0.78
Total	282,967,403.36	15.50	185,305,993.12	16.77

Expenses for development and maintenance of information system

Related parties	2010		Restated 2009	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing HelpGo Information Technology Co., Ltd	11,729,189.14	100	13,696,763.76	100

Rental

Related parties	2010		Restated 2009	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Industries Group Co. Ltd	-	-	2,173,440.00	100

Staff expenses for technical supporting

Related parties	2010		Restated 2009	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Changan Ford Mazda Engine Co., Ltd	115,435.00	1.68	-	0.00
Changan Ford Mazda Automobile Co., Ltd	3,689,940.00	53.75	4,268,735.00	62.43
Baoding Changan Car Manufacturing Co., Ltd	370,370.37	5.40	-	0.00
Chongqing Changan Suzuki Automobile Co., Ltd	2,689,254.00	39.17	2,569,066.00	37.57
Total	6,864,999.37	100.00	6,837,801.00	100.00

Chongqing Changan Automobile Company Limited
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Trademark royalty fee

Related parties	2010		Restated 2009	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Changan Kuayue Automobile Co., Ltd	1,390,440.00	100.00	-	-

Experimental fee

Related parties	2010		Restated 2009	
	Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
CSIA-Chongqing Tsingshan Transmission Branch	199,000.00	20.19	-	-
Jiangxi Changhe Suzuki Automobile Co., Ltd.	786,670.00	79.81	-	-
Total	985,670.00	100.00	-	-

(2) Lease between related parties
Leased assets from related parties

Leaser	Lessee	Type of leased assets	Starting date	Expiring date	The basis for rental pricing	Yearly recognized rental
Hafei Motor Co., Ltd.	Chongqing Changan	R & D Equipment Rental	2010.06.01	2011.05.31	Based on agreement	12,522,650.00
Hafei Motor Co., Ltd.	Chongqing Changan	R & D Center office building lease	2010.04.30	2011.04.30	Based on agreement	1,456,266.67
Jiangxi Changhe Automobile Co., Ltd.	Chongqing Changan	Building and testing stations	2010.06.01	2011.05.31	Based on agreement	308,280.00
Jiangxi Changhe Automobile Co., Ltd.	Chongqing Changan	Equipment lease	2010.06.01	2011.05.31	Based on agreement	261,238.25

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(3) Transfer of assets between related parties

Related party	Note	Type of transaction	2010		Restated 2009	
			Amount	Proportion of similar transactions (%)	Amount	Proportion of similar transactions (%)
Chongqing Changan Jinling Automobile Parts Co., Ltd.	(a)	Business combination under common control	132,079,109.80	100	-	-
Chongqing Anfu Automobile Co., Ltd	(b)	Transfer of equity	55,414,800.00	100	-	-

Note: (a) In May 2010, the Group purchased 97.1% shares of Chongqing Changan Jinling Automobile Parts Co., Ltd., the subsidiary of the parent company for RMB 132,079,109.80. Refer to Item 4, Note IV.

(b) In July 2010, the Group transferred 50% shares of its subsidiary Chongqing Anfu Automobile Co., Ltd to its parent company for RMB 55,414,800.00.

Chongqing Changan Automobile Company Limited
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5. Amounts due from/to related parties

Notes receivable

Related party	2010		Restated 2009	
	Amount	Proportion of notes receivable (%)	Amount	Proportion of notes receivable (%)
Chongqing Changan Kuayue Automobile Co., Ltd	-	0.00	3,000,000.00	0.04
Chongqing Anfu Automobile Co., Ltd	25,500,000.00	0.29	-	0.00
Chengdu Wanyou Economic Technological Development Co., Ltd	365,900,000.00	4.15	468,000,000.00	6.66
Southwest Industries Corporation	164,400,000.00	1.86	33,590,000.00	0.48
Yunnan Wanyou Auto Sales and Service Co., Ltd	801,850,000.00	9.09	557,500,000.00	7.94
Guangxi Wanyou Auto Sales and Service Co., Ltd	47,200,000.00	0.53	-	0.00
Guizhou Wanyou Auto Sales and Service Co., Ltd	232,600,000.00	2.64	209,550,000.00	2.98
Baoding Changan Car Manufacturing Co., Ltd	-	0.00	2,180,000.00	0.03
Chongqing Wanyou Economic Technological Development Co., Ltd	150,960,000.00	1.71	178,730,000.00	2.55
Total	1,788,410,000.00	20.27	1,452,550,000.00	20.68

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Accounts receivable

Related party	2010			Restated 2009		
	Balance	Provision	Proportion of accounts receivable (%)	Balance	Provision	Proportion of accounts receivable (%)
Changan Ford Mazda Automobile Co., Ltd	104,453,171.35	-	21.89	28,099,250.09	-	11.02
Chongqing Changan Suzuki Automobile Co., Ltd	13,078,027.67	-	2.74	8,473,713.87	-	3.32
Jiangling Holding Co., Ltd	-	-	-	2,078,764.50	-	0.82
Baoding Changan Car Manufacturing Co., Ltd	1,103,629.63	-	0.23	1,124,000.00	-	0.44
Chongqing Changan Kuayue Automobile Co., Ltd	17,706,938.98	-	3.71	39,555,103.98	-	15.52
Chengdu Lingchuan Special Industry Co., Ltd	7,044,388.60	-	1.48	-	-	-
Changan Industries Group Co. Ltd	704,465.30	-	0.15	4,321,884.48	-	1.70
Chongqing Changan Min Sheng Logistics Co., Ltd.	73,315.43	-	0.02	-	-	-
Chongqing Changan Lingyun Automobile Components Co., Ltd	3,750,557.22	-	0.79	34,713.15	-	0.01
Chongqing Changan Real Estate Development Co., Ltd	73,000.00	-	0.02	-	-	-
Hafei Automobile Co., Ltd.	70,938,383.34	-	14.86	-	-	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	-	-	-	7,211,147.20	-	2.83
CSIA-Jian'an Automobile Bridge Branch	-	-	-	700,000.00	-	0.28
Total	206,322,014.52	-	43.25	91,598,577.27	-	35.94

Prepayments

Chongqing Changan Automobile Company Limited
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Related party	2010		Restated 2009	
	Amount	Proportion of prepayments (%)	Amount	Proportion of prepayments (%)
Changan Ford Mazda Automobile Co., Ltd	96,654.00	0.03	6,509,676.60	1.29
Chongqing Changan Suzuki Automobile Co., Ltd	782,325.00	0.26	480,646.47	0.10
Chongqing Changan Min Sheng Logistics Co., Ltd.	5,175,131.00	1.74	-	0.00
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	-	0.00	1,100,000.00	0.22
CSIA-Jian'an Automobile Bridge Branch	1,817.00	0.00	-	0.00
Baoding Changan Car Manufacturing Co., Ltd	-	0.00	55,000,000.00	10.92
Total	6,055,927.00	2.03	63,090,323.07	12.53

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Notes payable

Related party	2010		Restated 2009	
	Amount	Proportion of notes payable (%)	Amount	Proportion of notes payable (%)
Chongqing Changan Construction Co., Ltd	175,737,488.00	3.60	-	0.00
Chongqing Changan Min Sheng Logistics Co., Ltd.	1,554,944.92	0.03	2,970,597.63	0.11
Sichuan Hongguang Machinery and Electrics Co., Ltd	10,500,000.00	0.21	-	0.00
Chongqing Changan Kuayue Automobile Co., Ltd	14,740,000.00	0.30	29,840,000.00	1.07
CSIA-Jian'an Automobile Bridge Branch	-	0.00	50,000,000.00	1.79
CSIA-Chongqing Tsingshan Transmission Branch	-	0.00	140,000,000.00	5.00
Longchang Shanchuan Shock-absorbing Vehicles Parts Co., Ltd	21,404,150.00	0.44	5,000,000.00	0.18
South Tianhe Chassis System Co., Ltd	38,930,000.00	0.80	23,820,000.00	0.85
South Yingte Air-conditioner Co., Ltd	1,640,000.00	0.03	2,440,000.00	0.09
Chongqing Changan Lingyun Automobile Components Co., Ltd	2,350,000.00	0.05	540,000.00	0.02
Chongqing Automobile Air-conditioner Co., Ltd	2,400,000.00	0.05	-	0.00
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	11,930,000.00	0.24	8,380,000.00	0.30
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	3,690,000.00	0.08	860,000.00	0.03
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	37,630,000.00	0.77	31,140,000.00	1.11
Chengdu Tianxing Instrument and Meter Co., Ltd	25,875,558.04	0.53	29,360,000.00	1.05
Chengdu Wanyou Filter Co., Ltd	6,229,073.00	0.13	-	0.00
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	37,750,000.00	0.77	14,530,000.00	0.52
Yunnan Xiyi Industries Co., Ltd	24,080,000.00	0.49	24,620,000.00	0.88
Beijing Beiji Mechanical and Electrical Industry Co., Ltd	207,982.00	0.00	240,000.00	0.01
Chongqing Dajiang Millison Die-Casting Co., Ltd	12,420,000.00	0.25	1,820,000.00	0.06
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	3,490,000.00	0.07	680,000.00	0.02
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	45,830,000.00	0.94	11,280,000.00	0.40
Congqing Jiangda Aluminum Alloy Wheel Co., Ltd	3,000,000.00	0.06	3,340,000.00	0.12
Chengdu Lingchuan Special Industry Co., Ltd	9,100,000	0.19	-	0.00
Chongqing Changrong Machinery Co., Ltd	31,600,000.00	0.65	-	0.00
Chongqing Shangfang Automobile Fittings Co., Ltd	9,000,000.00	0.18	12,500,000.00	0.45
Chongqing Yihong Engineering	3,449,056.00	0.07	1,420,000.00	0.05

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Related party	2010		Restated 2009	
	Amount	Proportion of notes payable (%)	Amount	Proportion of notes payable (%)
Plastic Products Co., Ltd				
Total	534,538,251.96	10.93	394,780,597.63	14.11

Accounts payable

Related party	2010		Restated 2009	
	Amount	Proportion of accounts payable (%)	Amount	Proportion of accounts payable (%)
Baoding Changan Car Manufacturing Co., Ltd	32,287,297.46	0.42	2,838,152.10	0.04
Beijing Beiji Mechanical and Electrical Industry Co., Ltd	240,826.11	-	898,148.01	0.01
Changan Ford Mazda Automobile Co., Ltd	36,429,875.86	0.48	13,187,003.01	0.20
Chengdu Lingchuan Vehicle Oil Tank Co., Ltd	669,202.53	0.01	2,752,422.43	0.04
Chengdu Lingchuan Special Industry Co., Ltd	14,139,844.51	0.18	10,039,508.77	0.15
Chengdu Tianxin Instrument and Meter Co., Ltd	26,957,045.07	0.35	17,924,204.98	0.27
Chengdu Wanyou Filter Co., Ltd	10,778,242.76	0.14	3,186,275.79	0.05
Hafei Motor Co., Ltd.	40,975,399.63	0.53	-	-
Hubei Xiaogan Huazhong Automobile Light Co., Ltd	24,439,371.03	0.32	28,033,530.75	0.43
Jiangling Holding Co., Ltd	-	-	7,809,600.00	0.12
CSIA-Jian'an Automobile Bridge Branch	13,123,986.30	0.17	26,063,333.78	0.40
South Tianhe Chassis System Co., Ltd	159,820,726.24	2.08	77,392,400.85	1.18
South Inter Air-conditioner Co., Ltd	13,495,726.62	0.18	5,295,131.36	0.08
Sichuan Hongguang Machinery and Electrics Co., Ltd	14,589,148.50	0.19	2,381,938.69	0.04
Sichuan Ningjiang Shanchuan Machinery Co, Ltd	6,466,686.77	0.08	21,657,800.98	0.33
Longchang Shanchuan Shock-absorbing Works Industries Co., Ltd	4,809,991.83	0.06	2,493,605.84	0.04
Yunnan Xiyi Industries Co., Ltd	3,958,264.05	0.05	10,822,284.26	0.16
CSIA-Chongqing Tsingshan Transmission Branch	5,326,380.57	0.07	1,001,831.68	0.02
Changan Industries Group Co. Ltd	3,573,395.28	0.05	9,455,723.20	0.14
Chongqing Changan Kuayue Automobile Co., Ltd	12,861,776.54	0.17	13,739,641.96	0.21
Chongqing Changan Lingyun Automobile Parts Co., Ltd	3,628,284.04	0.05	42,574,071.24	0.65
Chongqing Changan Suzuki Automobile Co., Ltd	4,000.00	-	1,230,719.91	0.02
Chongqing Changan Min Sheng Logistics Co., Ltd.	86,535,325.89	1.13	8,659,907.58	0.13
Chongqing Changfeng Jiquan Machinery Co., Ltd	295,588.52	0.01	538,286.74	0.01
Chongqing Changrong Machine Co., Ltd	19,572,420.30	0.26	20,067,359.81	0.31
Chongqing Dajiang Millison Die-Casting Co., Ltd	5,549,386.66	0.07	10,346,820.18	0.16
Chongqing Dajiang Xinda Vehicles Shares Co., Ltd	1,602,289.04	0.02	2,139,399.04	0.03
Chongqing Dajiang Yuqiang Plastic Co., Ltd	137,166.73	-	125,676.34	-

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Related party	2010		Restated 2009	
	Amount	Proportion of accounts payable (%)	Amount	Proportion of accounts payable (%)
Chongqing HelpGo Information Technology Co., Ltd	-	-	119,520.88	-
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	24,684,059.09	0.32	37,740,599.44	0.58
Chongqing Jiangda Aluminum Alloy Wheel Co., Ltd	11,259,592.53	0.15	3,806,344.81	0.06
Chongqing Automobile Air-conditioner Co., Ltd	7,236,322.47	0.09	18,545,043.73	0.28
Chongqing Qingshan Sales Co., Ltd	3,070,555.83	0.04	1,858,714.34	0.03
Chongqing Shangfang Automobile Parts Co., Ltd	24,579,218.58	0.32	4,629,797.57	0.07
Chongqing Wanyou Economic Development Co., Ltd	30,718,661.02	0.40	6,229,940.77	0.09
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	5,965,260.90	0.08	5,156,505.53	0.08
Chongqing Yihong Engineering Plastic Products Co., Ltd	2,715,240.03	0.05	1,807,581.36	0.03
Total	652,496,559.29	8.51	422,548,827.71	6.44

Advances from customers

Related party	2010		Restated 2009	
	Amount	Proportion of advances from customers (%)	Amount	Proportion of advances from customers (%)
Chongqing Jianshe Automobile Air-conditioner Co., Ltd	16,400.00	0.00	-	0.00
Foshan Wanyou Auto Sales and Service Co., Ltd	112.50	0.00	2,770.46	0.00
Chengdu Wanyou Economic Technological Development Co., Ltd	24,114,608.60	0.93	55,567,333.75	1.83
China South Industries Motor Company Limited	30,263,348.31	1.16	66,437,047.31	2.19
Chongqing Wanbing Material Co., Ltd	-	0.00	22,433,881.64	0.74
Chongqing Wanyou Economic Technological Development Co., Ltd	14,609,674.83	0.56	33,542,022.05	1.10
Guangxi Wanyou Auto Sales and Service Co., Ltd	2,751,320.47	0.11	9,553,198.73	0.31
Guizhou Wanyou Auto Sales and Service Co., Ltd	3,208,974.28	0.12	8,690,743.77	0.29
Jieyang Wanyou Auto Sales and Service Co., Ltd	-	0.00	838,194.43	0.03
Chongqing Anfu Automobile Co., Ltd	1,803,990.73	0.07	-	0.00
Changan Ford Mazda Engine Co., Ltd.	449,623.26	0.02	-	0.00
Yunnan Wanyou Auto Sales and Service Co., Ltd	15,111,296.01	0.58	10,927,218.51	0.36
Jiangling Holding Co., Ltd	-	0.00	412,500.00	0.01
Total	92,329,348.99	3.55	208,404,910.65	6.86

Other payables

	2010	Restated 2009
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	Amount	Proportion of other payables (%)	Amount	Proportion of other payables (%)
Chengdu Tianxing Instrument and Meter Co., Ltd	100,000.00	0.01	-	-
Chengdu Wanyou Economic Technological Development Co., Ltd	291,667.24	0.03	2,160,035.95	0.31
Chengdu Wanyou Filter Co., Ltd	10,000.00	-	120,000.00	0.02
Foshan Wanyou Auto Sales and Service Co., Ltd	-	-	8,389.85	-
Guangxi Wanyou Auto Sales and Service Co., Ltd	161,819.45	0.01	2,298.40	-
Guizhou Wanyou Auto Sales and Service Co., Ltd	360,156.80	0.03	560,582.98	0.08
Jieyang Wanyou Auto Sales and Service Co., Ltd	-	-	2,498.52	-
CSIA-Jian'an Automobile Bridge Branch	-	-	53,807.70	0.01
South Tianhe Chassis System Co., Ltd	152,986.20	0.01	-	-
Sichuan Ningjiang Shanchuan Machinery Co., Ltd	3,312.00	-	-	-
Yunnan Wanyou Auto Sales and Service Co., Ltd	1,665,415.47	0.15	1,100,628.74	0.16
Chongqing Changan Real Estate Development Co., Ltd	5,284.00	-	1,015,845.00	0.15
Changan Industries Group Co. Ltd	4,768,952.30	0.43	25,231,413.06	3.65
Chongqing Changan Construction Co., Ltd	15,640,939.54	1.40	3,844,113.49	0.56
Chongqing Changan Suzuki Automobile Co., Ltd	-	-	7,912,520.00	1.14
Chongqing Changan Min Sheng Logistics Co., Ltd.	228,066,277.65	20.42	179,379,038.02	25.93
Chongqing HelpGo Information Technology Co., Ltd	2,643,165.90	0.24	874,338.59	0.13
Chongqing Jiangling Construction Co., Ltd	790,178.28	0.07	19,983.00	-
Chongqing Automobile Air-conditioner Co., Ltd	79,840.10	0.01	-	-
CSIA-Chongqing Tsingshan Transmission Branch	-	-	2,842,344.01	0.42
Chongqing Qingshan Sales Co., Ltd	27,270.00	-	-	-
Chongqing Shangfang Automobile Fittings Co., Ltd	34,653.30	-	-	-
Chongqing Wanyou Economic Development Co., Ltd	29,656.21	-	-	-
Chongqing Wanyou Auto Sales and Service Corporation	146,018.97	0.02	-	-
Total	254,977,593.41	22.83	225,127,837.31	32.54

6. Cash deposited in related parties

Related party	2010		Restated 2009	
	Amount	Proportion of cash (%)	Amount	Proportion of cash (%)
China South Industry Group Finance Co., Ltd	188,263,768.35	4.54	493,639,540.01	14.15

7. Loans from related parties

Short-term loans

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Related party	2010		Restated 2009	
	Amount	Proportion of short-term loans (%)	Amount	Proportion of short-term loans (%)
China South Industry Group Finance Co., Ltd	30,000,000.00	100.00	60,270,268.00	14.21

Long-term loans

Related party	2010		Restated 2009	
	Amount	Proportion of long-term loans (%)	Amount	Proportion of long-term loans (%)
China South Industry Group Finance Co., Ltd	76,000,000.00	100.00	100,000,000.00	44.39

VII. Contingencies

As at 31 December 2010, there are no contingencies that need to be disclosed.

VIII. Commitments

1. Major commitments

Item	2010	Restated 2009
Contracted, but not provided for	8,484,914,525.25	3,673,466,000.00
Approved by board, but not contracted	12,893,315,200.00	4,373,740,000.00
Total	21,378,229,725.25	8,047,206,000.00

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IX. Financial instruments and their risks

The Group's principal financial instruments comprise bank loans, bonds payables, cash, etc. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as accounts receivable and accounts payable, which arise directly from its operations.

In both 2010 and 2009, the Group enters into derivative transactions in forms of long-term exchange contract to avoid risks arising from operation.

The main risks arising from the Group's financial instruments are credit risk, liquidity risk and market risk.

1. Classification of financial instruments

On 31 December 2009, the book values of different classes of financial instruments are as follows:

2010

Financial assets	Loans and accounts receivable	Available-for-sale financial assets	Total
Cash	4,391,990,049.72	-	4,391,990,049.72
Notes receivable	8,821,828,759.39	-	8,821,828,759.39
Accounts receivable	404,008,999.71	-	404,008,999.71
Other receivable	117,659,705.04	-	117,659,705.04
Available-for-sale financial assets	-	176,967,500.00	176,967,500.00
Total	13,735,487,513.86	176,967,500.00	13,912,455,013.86

Financial liabilities	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	-	30,000,000.00	30,000,000.00
Notes payable	-	4,887,600,348.93	4,887,600,348.93
Accounts payable	-	7,666,813,508.07	7,666,813,508.07
Payroll payable	-	200,359,830.91	200,359,830.91
Other payables	-	1,117,041,448.96	1,117,041,448.96
Non-current liabilities within one year	-	50,000,000.00	50,000,000.00
Other current liabilities	-	1,541,945,721.07	1,541,945,721.07

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Loan-term loans	-	76,000,000.00	76,000,000.00
Special payable	-	503,601,091.39	503,601,091.39
Other non-current liabilities	-	27,820,000.00	27,820,000.00
Total	-	16,101,181,949.33	16,101,181,949.33

Restated 2009

Financial assets	Loans and accounts receivable	Available-for-sale financial assets	Total
Cash	3,658,380,928.50	-	3,658,380,928.50
Notes receivable	7,022,333,591.84	-	7,022,333,591.84
Accounts receivable	182,991,180.86	-	182,991,180.86
Other receivable	71,548,893.59	-	71,548,893.59
Available-for-sale financial assets	-	238,205,000.00	238,205,000.00
Total	10,935,254,594.79	238,205,000.00	11,173,459,594.79

Financial liabilities	Financial liabilities at fair value through profit or loss	Other financial liabilities	Total
Short-term loans	-	350,270,268.00	350,270,268.00
Financial liabilities held for trading	4,563,744.00	-	4,563,744.00
Notes payable	-	2,797,030,532.62	2,797,030,532.62
Accounts payable	-	6,559,948,368.16	6,559,948,368.16
Payroll payable	-	177,703,190.75	177,703,190.75
Other payables	-	691,778,264.49	691,778,264.49
Non-current liabilities within one year	-	90,000,000.00	90,000,000.00
Other current liabilities	-	842,516,160.16	842,516,160.16
Loan-term loans	-	424,000,000.00	424,000,000.00
Special payable	-	515,089,405.79	515,089,405.79
Other non-current liabilities	-	30,081,000.00	30,081,000.00
Total	4,563,744.00	12,478,417,189.97	12,482,980,933.97

2. Credit risk

Credit risk is the risk of loss on one party of a financial instrument, due to the failure of another party to meet its obligations.

The Group trades only with recognized, creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are

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monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant. For transactions that do not occur in the country of the relevant operating unit, the Group does not offer credit terms without the approval of the special department of credit control.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, notes receivable and other receivables, the Group's exposure to credit risk arising from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments, listed as book value of financial assets in consolidated financial statements.

No gage is required since the Group trades only with recognized, creditworthy third parties. Credit risks are managed by clients, geographic regions, and industries collectively. On 31 December 2010, among the Group's collections with specific credit risk, 30.40% (2008: 18.61%) and 68.71% (2008: 36.14%) of accounts payables of the Group are due from largest client and top five clients respectively.

Please refer to Item 3 and 6 Note VI for quantitative data arising from credit risk exposure due to accounts receivables and other receivables of the Group.

On 31 December 2010, the maturity analysis for the Group's financial assets not impaired is as follows:

2010

	Total	Neither overdue nor impaired	Overdue but not impaired		
			Within 3 months	3 months to 1 year	Over 1 year
Accounts receivable	404,008,999.71	403,899,084.26	-	-	109,915.45
Other receivables	117,659,705.04	117,659,705.04	-	-	-
Notes receivable	8,821,828,759.39	8,821,828,759.39	-	-	-

Restated 2009

	Total	Neither overdue nor impaired	Overdue but not impaired		
			Within 3 months	3 months to 1 year	Over 1 year
Accounts receivable	182,991,180.86	182,418,702.86	-	6,678.00	565,800.00
Other receivables	71,548,893.59	71,548,893.59	-	-	-

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Notes receivable	7,022,333,591.84	7,022,333,591.84	-	-	-
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On 31 December 2009 and 2010, the balance of accounts receivable which is neither overdue nor impaired is mainly due to the customers who have no default records recently. The neither overdue nor impaired part is the not-overdue balance deducted the provision for bad debts.

On 31 December 2009 and 2010, neither overdue nor impaired accounts receivables are related to independent clients having satisfactory transaction records with the group. Based on previous experience, since credit quality has no significant changes and the receivables can be fully recovered, the Group considers no impairment provision should be made to them. The Group does not hold any gage from or enhance credit limit to these clients.

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3. Liquidity risk

Liquidity risk is the potential that an enterprise is unable to raise enough funds, to repay the debts related to financial instruments.

The Groups adopts cycle liquidity planning instrument to manage capital shortage risks. The instrument takes into consideration the maturity date of financial instruments plus estimated cash flow from the Group's operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility and sufficient cash to support operating capital through financing functions by the use of bank loans, debentures, etc.

The table below summarizes the maturity profile of the Group's financial assets and financial liabilities based on the non-discounted cash flow of the contracts:

2010

Financial assets	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Cash	4,335,990,049.72	56,000,000.00	-	-	4,391,990,049.72
Notes receivable	1,081,527,913.41	6,121,352,514.78	1,618,948,331.20	-	8,821,828,759.39
Accounts receivable	4,612,950.74	342,716,733.05	56,679,315.92	-	404,008,999.71
Other receivables	1,636,589.63	30,981,971.10	85,041,144.31	-	117,659,705.04
Available-for-sale financial assets	-	-	-	176,967,500.00	176,967,500.00
Total	5,423,767,503.50	6,551,051,218.93	1,760,668,791.43	176,967,500.00	13,912,455,013.86

Financial liabilities	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Short-term loans	-	-	30,000,000.00	-	30,000,000.00
Financial liabilities held for trading	-	-	-	-	-
Payroll payable	200,359,830.91	-	-	-	200,359,830.91
Notes payable	7,817,227.00	78,192,058.00	4,801,591,063.93	-	4,887,600,348.93
Accounts payable	10,932,609.04	4,047,911,325.50	3,607,969,573.53	-	7,666,813,508.07
Other payables	122,773,960.94	204,544,660.76	789,722,827.26	-	1,117,041,448.96
Total	341,883,627.89	4,330,648,044.26	9,229,283,464.72	-	13,901,815,136.87

Restated 2009

Financial assets	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Cash	3,376,416,895.09	197,880,849.82	84,083,183.59	-	3,658,380,928.50

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Notes receivable	916,692,286.80	2,719,551,234.27	3,386,090,070.77	-	7,022,333,591.84
Accounts receivable	12,637,960.65	154,406,887.75	15,946,332.46	-	182,991,180.86
Other receivables	-	15,195,975.92	56,352,917.67	-	71,548,893.59
Available-for-sale financial assets	-	-	-	238,205,000.00	238,205,000.00
Total	4,305,747,142.54	3,087,034,947.76	3,542,472,504.49	238,205,000.00	11,173,459,594.79

Financial liabilities	Within 1 month	1 to 3 months	3 months to 1 year	1 to 5 years	Total
Short-term loans	-	170,270,268.00	180,000,000.00	-	350,270,268.00
Financial liabilities held for trading	2,657,264.00	1,906,480.00	-	-	4,563,744.00
Payroll payable	175,251,214.57	2,451,976.18	-	-	177,703,190.75
Notes payable	478,164,605.95	1,288,020,826.40	1,030,845,100.27	-	2,797,030,532.62
Accounts payable	1,322,572,546.76	2,574,828,955.55	2,662,546,865.85	-	6,559,948,368.16
Other payables	402,062,961.45	219,155,749.45	70,559,553.59	-	691,778,264.49
Total	2,380,708,592.73	4,256,634,255.58	3,943,951,519.71	-	10,581,294,368.02

4. Market risk

Market risk is the risk that the fair values or future cash flows of financial instruments will fluctuate due to changes in market prices. Market risks mainly include interest rate risk and foreign currency risk.

Interest rate risk

Interest rate risk refers to the risk when the fair value or future cash flows of financial instruments due to floating market interest rate. On 31 December 2009, the Group does not hold long-term financial liabilities bearing floating interest rate and consequently its exposed interest rate risk is relatively low.

Foreign currency risk

Foreign currency risk is the risk that the fair values and future cash flows of financial instruments will fluctuate due to changes in foreign exchange rates. The Group's exposures to fluctuation in foreign currency exchange rate mainly arise from operating activities where transactions are settled in currencies other than the units' functional currency and net investment to offshore subsidiary. The Group has transactional currency exposures of 1.44% (2009:6.03%) of the Group's total revenue that is valued in currencies other than the units' functional currency. The Group offsets its foreign currency risk by forward exchange contract. The currency of forward exchange contract should be the same as the currency to be hedged. It is the Group's policy that the contract not signed until firm commitment is made.

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It is the Group's policy that the period of hedging derivative instruments consistent with that of the project to be hedged, to make the hedging most effective.

The following table demonstrates the sensitivity at the balance sheet date to a reasonably possible change in the United States dollar exchange rate, with all other variables held constant, of the company's profit before tax (due to changes in the fair value of monetary assets and forward foreign exchange contract):

	Exchange rate	Increase / (decrease) in PBT	
	Increase/(Decrease)	due to changes in fair value of monetary assets	due to forward foreign exchange contract
Restated 2009			
If RMB weakens against US dollar	5%	2,596,944.96	(6,864,056.00)
If RMB strengthens against US dollar	5%	(2,596,944.96)	6,792,344.00
2010			
If RMB weakens against US dollar	5%	4,944,490.55	-
If RMB strengthens against US dollar	5%	(4,944,490.55)	-

5. Fair value

There are no significant differences between cash and cash equivalents as well as the fair value of financing instruments, and their corresponding book values. Fair value estimation refers to the estimation made by relevant market information and related financing instruments details at a given time. Due to the subjectivity of estimation, and involvement of uncertain factors and major judgments, the decision is not precise. Any changes in presumptions will result in significant impact on the estimation.

The book value and fair value of financial instruments of the Group are as follows:

	31 December 2010		Restated 31 December 2009	
	Book value	Fair value	Book value	Fair value
Financial assets				
Available for sale financial assets	176,967,500.00	176,967,500.00	238,205,000.00	238,205,000.00
Financial liabilities				
Available for sale financial liabilities	-	-	4,563,744.00	4,563,744.00

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X. Events after the balance sheet date

1. The dividends after balance sheet date

Profits or dividends to be allocated	Refer to Item 43, Note V
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2. Other events after the balance sheet date

<p>(1) On 14 January 2011, the additional offering of A shares is approved by Zhengjian Xuke [2010]1819 issued by China Securities Regulatory Commission. The company issued 360,166,022 additional shares at RMB 9.74 per share to raise investment amount up to RMB 3,508,017,054.28 (including the offering cost). After this additional offering, the total share capital of the company became 2,685,823,637 shares. The additional funds arising from additional offerings are planned for production line technological transformation of Changan Automobile, upgrading of industrial small-displacement engines, and projects to facilitate the self-research and development capability.</p> <p>(2) On 28 February 2011, the company's fifth Board of Directors held its eighteenth session which approved the proposal of merging by absorption 100% shares of Changan Industries Group Co. Ltd, and 34.3% shares of Chongqing Changan Kuayue Automobile Co., Ltd which was held by Changan Industries Group Co. Ltd. The price of these merges is agreed by the Company and Changan Industries Group Co. Ltd according to the evaluation of the net assets. In accordance with relevant state regulations, these transactions were happened in State-owned Assets and Equity Exchange. The final equity transfer price was the close price in State-owned Assets and Equity Exchange.</p>
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XI. Leasing arrangements

According to the lease contracts signed with the lesser, the minimum leases payments under non-cancellable leases are as follows:

Item	2010	2009
Less than 1 year	29,825,599.12	36,862,946.14
1 to 2 years	2,966,386.20	37,785,558.30
2 to 3 years	2,207,247.87	183,420.00
Over 3 years	641,970.00	825,390.00
Total	35,641,203.19	75,657,314.44

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XII. Notes to the Company's financial statements

1. Accounts Receivable

(1) An aged analysis of the accounts receivable as at the balance sheet date is as follows:

	2010	2009
Within 1 year	528,418,488.90	551,094,346.95
1 to 2 years	18,722,977.62	14,606,768.76
2 to 3 years	12,773,329.46	10,327,396.62
Over 3 years	<u>73,288,413.45</u>	<u>62,961,016.83</u>
	633,203,209.43	638,989,529.16
Less: Provision	<u>58,456,294.94</u>	<u>57,291,511.72</u>
	<u><u>574,746,914.49</u></u>	<u><u>581,698,017.44</u></u>

(2) An type analysis of the accounts receivable as at the balance sheet date is as follows:

Item	2010				Restated 2009			
	Balance		Provision				Balance	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant items and analyzed individually for provision	96,465,198.81	15.23	21,574,276.54	22.36	21,410,982.64	3.35	21,410,982.64	100
Accounts receivable analyzed as groups for provision								
Group 1. Accounts receivable analyzed for provision according to aging analysis	74,528,087.13	11.77	35,898,376.78	48.17	44,253,152.86	6.93	35,131,216.85	79.39
Group 2. Accounts receivable from related parties	461,226,281.87	72.84	-	-	572,576,081.43	89.61	-	-
Group subtotal	535,754,369.00	84.61	35,898,376.78	6.70	616,829,234.29	96.54	35,131,216.85	5.70
Individually insignificant items but analyzed individually for provision	983,641.62	0.16	983,641.62	100.00	749,312.23	0.11	749,312.23	100
Total	633,203,209.43	100.00	58,456,294.94	-	638,989,529.16	100.00	57,291,511.72	-

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Within Groups, Accounts receivable analyzed for provision according to aging analysis:

Aging	2010			Restated 2009		
	Balance		Provision	Balance		Provision
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 6 months	29,172,155.36	39.14	-	2,136,695.18	4.83	-
6 to 12 months	5,099,583.42	6.84	254,979.17	3,019,121.45	6.82	150,956.07
Within 1 year subtotal	34,271,738.78	45.98	254,979.17	5,155,816.63	11.65	150,956.07
1 to 2 years	2,497,245.62	3.35	249,724.56	3,161,814.60	7.14	316,181.46
2 to 3 years	3,222,163.19	4.32	966,648.96	1,472,452.59	3.33	441,735.78
3 to 4 years	76,170.50	0.11	38,085.25	361,451.00	0.82	180,725.50
4 to 5 years	359,151.00	0.48	287,320.80	300,000.00	0.68	240,000.00
Over 5 years	34,101,618.04	45.76	34,101,618.04	33,801,618.04	76.38	33,801,618.04
Total	74,528,087.13	100.00	35,898,376.78	44,253,152.86	100.00	35,131,216.85

Within Groups, Accounts receivable analyzed for provision with other methods:

Group	Balance	Provision
Accounts receivable from related parties	461,226,281.87	-
Total	461,226,281.87	-

On 31 December 2010, individually insignificant items but analyzed individually for provision:

Details of accounts receivable	Balance	Provision	Provision Percentage	Reason for provision
Others	983,641.62	983,641.62	100%	Full provision for small amount receivables which have long aging
Total	983,641.62	983,641.62	100%	

(3) There is no reversal of provision for bad debts or reception of accounts receivable with a bad debt provision during 2010 (2009: nil).

(4) There is no write-off of provision for bad debts during 2010 (2009: RMB11,192,343.69).

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(5) On 31 December 2010, within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Parent Company's voting shares (On 31 December 2009: nil).

(6) On 31 December 2010, Top five debtors of accounts receivable are as follows:

Debtors	Relationship with the Group	Amount	Aging	Proportion of total accounts receivable (%)
Nanjing Changan Automobile Co., Ltd	Subsidiary	121,054,908.27	Within 1 year	19.12
Changan Ford Mazda Automobile Co., Ltd	Joint venture	104,453,171.35	Within 1 year	16.50
Hafei Automobile Co., Ltd.	Controlled by the same parent company	70,938,383.34	Within 1 year	11.20
Hebei Changan Automobile Co., Ltd	Subsidiary	55,169,291.13	Within 1 year	8.71
Beijing Qingchangfeng Trading Co., Ltd	Non-related	51,982,469.58	Within 1 year	8.21
Total		403,598,223.67		63.74

(7) On 31 December 2010, accounts receivable due from related parties is as follows:

Debtors	Relationship with the Group	Amount	Proportion of total accounts receivable (%)
Nanjing Changan Automobile Co., Ltd	Subsidiary	121,054,908.27	19.12
Hebei Changan Automobile Co., Ltd	Subsidiary	77,806,213.60	12.29
Chongqing Changan International Automobile Sales Co., Ltd	Subsidiary	11,335,250.42	1.79
Heilongjiang Chang'an Automobile Sales Co., Ltd.	Subsidiary	10,443,793.06	1.65
Liaoning Chang'an Automobile Sales Co., Ltd.	Subsidiary	8,747,164.83	1.38
Henan New Chang'an Automobile Sales Co., Ltd.	Subsidiary	7,406,468.45	1.17
Changchun Chang'an Automobile Sales Co., Ltd.	Subsidiary	1,793,588.32	0.28
Yinchuan Chang'an Automobile Sales Co., Ltd.	Subsidiary	1,781,172.07	0.28
Haerbin Chang'an Automobile Sales Co., Ltd.	Subsidiary	1,666,108.33	0.26
Xinjiang Chang'an Automobile Sales Co., Ltd.	Subsidiary	340,537.00	0.05
Hafei Automobile Co., Ltd.	Controlled by the same parent company	70,938,383.34	11.20
Changan Ford Mazda Automobile Co., Ltd	Joint venture	104,453,171.35	16.50
Chongqing Changan Kuayue Automobile Co., Ltd	Controlled by the same ultimate holding	17,706,938.98	2.80

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	company		
Chongqing Changan Suzuki Automobile Co., Ltd	Joint venture	13,078,027.67	2.07
Chengdu Lingchuan Special Industry Co., Ltd	Controlled by the same ultimate holding company	7,044,388.60	1.11
Chongqing Changan Lingyun Automobile Parts Co., Ltd	Controlled by the same ultimate holding company	3,750,557.22	0.59
Baoding Changan Car Manufacturing Co., Ltd	Controlled by the same ultimate holding company	1,103,629.63	0.17
Changan Industries Group Co. Ltd	Controlled by the same ultimate holding company	704,465.30	0.11
Chongqing Changan Min Sheng Logistics Co., Ltd.	Controlled by the same ultimate holding company	71,515.43	0.01
Total		461,226,281.87	72.84

(8) There is no accounts receivable derecognized due to transfer of financial assets during 2010 (2009: nil).

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2. Other receivables

(1) An aged analysis of the other receivables as at the balance sheet date is as follows:

	2010	2009
Within 1 year	100,570,393.40	29,401,719.20
1 to 2 years	734,321.60	100,063,039.90
2 to 3 years	8,500.00	643,604.00
Over 3 years	<u>2,580,505.65</u>	<u>2,266,354.85</u>
	103,893,720.65	132,374,717.95
Less: Provision	<u>2,612,903.54</u>	<u>2,464,630.89</u>
	<u>101,280,817.11</u>	<u>129,910,087.06</u>

(2) An type analysis of the other receivables as at the balance sheet date is as follows:

Item	2010				2009			
	Balance		Provision		Balance		Provision	
	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)	Amount	Percentage (%)
Individually significant items and analyzed individually for provision	26,234,000.00	25.25	-	-	-	-	-	-
Other receivables analyzed as groups for provision								
Group 1. Other receivables analyzed for provision according to aging analysis	77,659,720.65	74.75	2,612,903.54	3.36	12,793,727.95	9.66	2,464,630.89	19.26
Group 2. Other receivables from related parties	-	-	-	-	119,580,990.00	90.34	-	-
Group subtotal	77,659,720.65	74.75	2,612,903.54	3.36	132,374,717.95	100.00	2,464,630.89	1.86
Total	103,893,720.65	100.00	2,612,903.54		132,374,717.95	100.00	2,464,630.89	

Within Group, other receivables analyzed for provision according to aging analysis:

Aging	2010			2009		
	Balance		Provision	Balance		Provision
	Amount	Percentage (%)		Amount	Percentage (%)	
Within 6 months	66,058,042.59	85.06	-	2,807,108.96	21.94	-

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6 to 12 months	7,796,099.21	10.04	389,804.96	7,013,620.24	54.82	350,681.01
Within 1 year subtotal	73,854,141.80	95.10	389,804.96	9,820,729.20	76.76	350,681.01
1 to 2 years	1,330,536.60	1.71	133,053.66	63,039.90	0.49	6,303.99
2 to 3 years	8,500.00	0.01	2,550.00	643,604.00	5.03	193,081.20
3 to 4 years	543,604.00	0.70	271,802.00	536,226.64	4.19	268,113.32
4 to 5 years	536,226.64	0.69	428,981.31	418,384.21	3.27	334,707.37
Over 5 years	1,386,711.61	1.79	1,386,711.61	1,311,744.00	10.25	1,311,744.00
Total	77,659,720.65	100.00	2,612,903.54	12,793,727.95	100.00	2,464,630.89

- (3) There is no reversal of provision for bad debts or reception of other receivables with a bad debt provision during 2010 (2009: nil).
- (4) There is no write-off of provision for bad debts during 2010 (2009: nil).
- (5) On 31 December 2010, within the aforesaid balance, there is no amount due from shareholders that hold 5% or more of the Parent Company's voting shares (On 31 December 2009: nil).
- (6) On 31 December 2010, Top five debtors of other receivables are as follows:

Debtors	Relationship with the Group	Amount	Aging	Proportion of total other receivables (%)
Finance Bureau	Non-related	26,234,000.00	Within 1 year	25.25
Chongqing Customs	Non-related	25,122,042.96	Within 1 year	24.18
Beijing Long Yan Boren Advertising Co., Ltd.	Non-related	11,859,146.46	Within 1 year	11.41
Changan Automobile International Sales & Service Co., Ltd.	Subsidiary	3,296,768.32	Within 1 year	3.17
Operating cost of Changan British sub-center	Non-related	2,370,600.00	Within 1 year	2.28
Total		68,882,557.74		66.30

- (7) There is no accounts receivable derecognized due to transfer of financial assets during 2010 (2009: nil).

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3. Long-term equity investments

2010

Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd	Equity	239,905,266.00	1,203,060,657.04	75,054,967.67	1,278,115,624.71	51.00	51.00	N/A	-	-	-
Jiangling Holding Co., Ltd	Equity	1,000,000,000.00	958,531,791.88	248,123,047.46	1,206,654,839.34	50.00	50.00	N/A	-	-	-
Changan Ford Mazda Automobile Co., Ltd	Equity	1,395,110,717.00	2,304,529,097.96	403,083,300.74	2,707,612,398.70	50.00	50.00	N/A	-	-	-
Changan Ford Mazda Engine Co., Ltd	Equity	557,292,960.00	203,183,100.06	150,384,955.89	353,568,055.95	50.00	50.00	N/A	-	-	800,000,000.00
Associates											
Chongqing HelpGo Information Technology Co., Ltd	Equity	4,500,000.00	7,589,983.84	3,854,619.28	11,444,603.12	21.43	21.43	N/A	-	-	-
Chongqing Xiyi Automobile Linkage Rod Co., Ltd	Equity	4,000,000.00	2,769,108.35	4,049,030.44	6,818,138.79	40.00	40.00	N/A	-	-	-
Subsidiaries											
Nanjing Changan Automobile Co., Ltd	Cost	413,805,259.00	399,615,259.00	14,190,000.00	413,805,259.00	82.47	91.53	Commissioned by minorities to exercise voting rights	-	-	-
Hebei Changan Automobile Co., Ltd	Cost	432,485,236.00	422,247,236.00	10,238,000.00	432,485,236.00	92.97	95.62	Commissioned by minorities to exercise voting rights	-	-	-
Chongqing Changan International Automobile Sales Co., Ltd	Cost	13,068,580.00	13,068,580.00	-	13,068,580.00	95	100	N/A	-	-	-
Chongqing Changan Automobile supporting service Co., Ltd.	Cost	29,700,000.00	29,700,000.00	-	29,700,000.00	99	99	N/A	-	-	-
Chongqing Anfu Automobile Co., Ltd.	Cost	16,000,000.00	16,000,000.00	(16,000,000.00)	-	50	50	N/A	-	-	4,000,000.00
Chongqing Changan Automobile Sales Co., Ltd	Cost	48,500,000.00	48,500,000.00	-	48,500,000.00	100	100	N/A	-	-	-
Chongqing Changan Automobile sales subsidiaries	Cost	13,550,000.00	13,550,000.00	-	13,550,000.00	90-100	90-100	N/A	-	-	-

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Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Chongqing Changan Special Automobile sales Co., Ltd	Cost	2,500,000.00	2,500,000.00	-	2,500,000.00	50	50	N/A	-	-	-
Chongqing Changan Europe Design Academy Co., Ltd	Cost	974,020.00	974,020.00	-	974,020.00	100	100	N/A	-	-	-
Chongqing Changan Automobile Mould Co. Ltd.	Cost	116,159,741.00	116,159,741.00	(116,159,741.00)	-			N/A	-	-	-
Chongqing Changan new Engergy Automobile Co. Ltd	Cost	18,850,000.00	18,850,000.00	-	18,850,000.00	65	65	N/A	-	-	-
Changan United Kingdom R&D Center Co., Ltd.	Cost	981,934.40	-	981,934.40	981,934.40	100	100	N/A	-	-	-
Others											
Chongqing Changan Jinling Automobile Parts Co., Ltd.	Cost	2,900,000.00	2,900,000.00	(2,900,000.00)	-	-	-	-	-	-	-
Chongqing International Golf Club Co., Ltd.	Cost	4,900,000.00	4,900,000.00	(4,900,000.00)	-	-	-	-	-	-	-
China South Industry Group Finance Co., Ltd	Cost	80,000,000.00	80,000,000.00	-	80,000,000.00	5.33	5.33	N/A	-	-	6,000,000.00
Chongqing Ante Import and Export Co., Ltd	Cost	3,000,000.00	3,000,000.00	-	3,000,000.00	10.00	10.00	N/A	-	-	-
Sichuan Glass Co., Ltd	Cost	1,809,274.00	1,809,274.00	-	1,809,274.00	0.64	0.64	N/A	-	-	-
Zhong Fa Lian Investment Co., Ltd	Cost	6,000,000.00	6,000,000.00	15,000,000.00	21,000,000.00	10.00	10.00	N/A	-	-	-
Total	-	4,405,992,987.40	5,856,668,740.78	787,769,223.23	6,644,437,964.01	--	--	--	-	-	-

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2009

Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Joint ventures											
Chongqing Changan Suzuki Automobile Co., Ltd	Equity	239,905,266.00	1,162,904,637.19	40,156,019.85	1,203,060,657.04	51	51	N/A	-	-	-
Jiangling Holding Co., Ltd	Equity	1,000,000,000.00	1,073,338,878.44	(114,807,086.56)	958,531,791.88	50	50	N/A	-	-	-
Changan Ford Mazda Automobile Co., Ltd	Equity	1,395,110,717.00	2,019,133,045.07	285,396,052.89	2,304,529,097.96	50	50	N/A	-	-	550,000,000.00
Changan Ford Mazda Engine Co., Ltd	Equity	557,292,960.00	198,863,178.88	4,319,921.18	203,183,100.06	50	50	N/A	-	-	-
Associates											
Chongqing HelpGo Information Technology Co., Ltd	Equity	4,500,000.00	7,780,472.32	(190,488.48)	7,589,983.84	21.43	21.43	N/A	-	-	450,030.00
Subsidiaries											
Nanjing Changan Automobile Co., Ltd	Cost	399,615,259.00	399,615,259.00	-	399,615,259.00	73.60	83.22	Commissioned by minorities to exercise voting rights	-	-	-
Hebei Changan Automobile Co., Ltd	Cost	432,485,236.00	212,487,236.00	209,760,000.00	422,247,236.00	90.77	95.62	Commissioned by minorities to exercise voting rights	-	-	-
Chongqing Changan International Automobile Sales Co., Ltd	Cost	13,068,580.00	13,068,580.00	-	13,068,580.00	95	100	N/A	-	-	-
Chongqing Changan Automobile supporting service Co., Ltd.	Cost	29,700,000.00	29,700,000.00	-	29,700,000.00	99	99	N/A	-	-	5,401,182.92
Chongqing Anfu Automobile Co., Ltd.	Cost	16,000,000.00	16,000,000.00	-	16,000,000.00	50	50	N/A	-	-	5,000,000.00
Chongqing Changan Automobile Sales Co., Ltd	Cost	48,500,000.00	48,500,000.00	-	48,500,000.00	100	100	N/A	-	-	-
Chongqing Changan Automobile sales subsidiaries	Cost	13,550,000.00	18,550,000.00	(5,000,000.00)	13,550,000.00	90-100	90-100	N/A	-	-	-
Chongqing Changan	Cost	2,500,000.00	2,500,000.00	-	2,500,000.00	50	50	N/A	-	-	-

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Investee	Accounting method	Initial amount	Beginning	Addition/(deduction)	Ending	Shareholding percentage (%)	Voting percentage (%)	Explanation for the difference between shareholding percentage and voting percentage	Impairment	Current provision	Current cash dividends
Special Automobile sales Co., Ltd											
Chongqing Changan Europe Design Academy Co., Ltd	Cost	974,020.00	974,020.00	-	974,020.00	100	100	N/A	-	-	-
Chongqing Changan Automobile Mould Co. Ltd.	Cost	116,159,741.00	116,159,741.00	-	116,159,741.00	100	100	N/A	-	-	-
Chongqing Changan new Engergy Automobile Co. Ltd	Cost	18,850,000.00	18,850,000.00	-	18,850,000.00	65	65	N/A	-	-	-
Southwest Securities Co., Ltd.	Cost	50,000,000.00	50,000,000.00	(50,000,000.00)	-	0.93	0.93	N/A	-	(27,120,000.00)	-
Others											
Chongqing Changan Jinling Automobile Parts Co., Ltd.	Cost	2,900,000.00	2,900,000.00	-	2,900,000.00	2.90	2.90	N/A	-	-	-
Chongqing International Golf Club	Cost	4,900,000.00	4,900,000.00		4,900,000.00	9.80	9.80	N/A	-	-	-
China South Industry Group Finance Co., Ltd.	Cost	80,000,000.00	80,000,000.00	-	80,000,000.00	5.33	5.33	N/A	-	-	6,800,000.00
Chongqing Ante Import & Export trading Co., Ltd.	Cost	3,000,000.00	3,000,000.00	-	3,000,000.00	10.00	10.00	N/A	-	-	-
Sichuan Glass Co., Ltd.	Cost	1,809,274.00	1,809,274.00	-	1,809,274.00	0.64	0.64	N/A	-	-	-
Zhong Fa Lian Investment Co., Ltd	Cost	6,000,000.00	6,000,000.00	-	6,000,000.00	10.00	10.00	N/A	-	-	-
Total	—	4,436,821,053.00	5,487,034,321.90	369,634,418.88	5,856,668,740.78	--	--	--	-	(27,120,000.00)	567,651,212.92

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2010
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4. Operating revenue and cost

(1) Operating revenue

Item	2010	2009
Operating revenue	22,165,266,417.76	16,292,464,996.05
Other operating revenue	1,147,035,678.78	949,744,823.68
Total revenue	23,312,302,096.54	17,242,209,819.73
Operating cost	19,085,983,140.27	13,407,972,314.75

(2) Operating revenue listed by products as follows:

Industry	2010		2009	
	Operating revenue	Operating cost	Operating revenue	Operating cost
Sales of goods	21,918,980,823.18	17,994,076,946.10	16,202,195,576.17	12,669,877,198.65
Outsourcing processing	246,285,594.58	231,963,963.44	90,269,419.88	81,399,361.70
Total	22,165,266,417.76	18,226,040,909.54	16,292,464,996.05	12,751,276,560.35

(3) Top five customers of operating revenue are as follows:

Customer	Operating revenue	Proportion of total operating revenue (%)
First	1,323,209,908.94	5.68
Second	791,109,751.69	3.39
Third	753,832,352.18	3.23
Fourth	653,483,432.65	2.80
Fifth	598,513,301.76	2.57
Total	4,120,148,747.22	17.67

Chongqing Changan Automobile Company Limited
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5. Investment income

(1) investment income Details of

Item	2010	2009
Long-term equity investment income under cost method	10,000,000.00	18,039,250.64
Long-term equity investment income under equity method	1,568,729,946.48	765,324,448.88
Long-term equity investment income through disposal	70,239,914.79	(31,777,567.37)
Total	1,648,969,861.27	751,586,132.15

(2) equity investment income under cost method Long-term

Investee	2010	2009
Chongqing Anfu Automobile Co., Ltd	4,000,000.00	5,000,000.00
Chongqing Changan Automobile supporting service Co., Ltd.	-	5,401,172.92
China South Industry Group Finance Co., Ltd	6,000,000.00	6,800,000.00
Others	-	838,077.72
Total	10,000,000.00	18,039,250.64

(3) equity investment income under equity method Long-term

Investee	2010	2009	Reason for the fluctuation
Changan Ford Mazda Automobile Co., Ltd	1,203,083,300.74	835,396,052.89	Sales expansion caused the increase of profit
Chongqing Changan Suzuki Automobile Co., Ltd	75,054,967.67	40,156,019.85	Sales expansion caused the increase of profit
Changan Ford Mazda Engine Co., Ltd	38,164,980.89	4,319,921.18	Sales expansion caused the increase of profit
Chongqing HelpGo Information Technology Co., Ltd	3,854,619.24	259,541.52	-
Jiangling Holding Co., Ltd	248,123,047.46	(114,807,086.56)	Sales expansion of the joint venture company, Jiangling Motors Co, Ltd. caused the increase of profit
Total	1,568,280,916.00	765,324,448.88	

Note: only top five investees whose investment income took the highest proportion of total profit are listed.

Chongqing Changan Automobile Company Limited
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5. Notes to cash flow statement

(1) Cash received
relating to other operating activities:

Item	2010	2009
Interest income	91,631,452.75	56,907,505.80
Government subsidy	100,000,000.00	6,182,500.00
Receive repayment	48,898,666.75	50,000,000.00
Total	240,530,119.50	113,090,005.80

(2) Cash paid
relating to other operating activities:

Item	2010	2009
Selling expense	1,423,153,358.35	902,590,932.18
Administrative expense	941,048,506.88	585,744,894.84
Total	2,364,201,865.23	1,488,335,827.02

(3) Cash received
relating to other investing activities:

Item	2010	2009
Special appropriation	94,320,000.00	470,090,000.00
Total	94,320,000.00	470,090,000.00

(4) Cash received
relating to other financing activities:

Item	2010	2009
Deposit returned	-	5,162,261.10
Total	-	5,162,261.10

(5) Cash paid
relating to other financing activities:

Item	2010	2009
Payment for buy-back of shares	-	26,925,731.38
Total	-	26,925,731.38

Chongqing Changan Automobile Company Limited
Notes to Financial Statement
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6. Supplementary information of cash flow statement

Currency: RMB

Supplementary information	2010	2009
1. Cash flows from operating activities calculated by adjusting the net profit		
Net profit	2,092,697,782.14	1,284,228,707.68
Add: impairment provision for assets	(9,443,783.91)	506,548,215.50
Depreciation of fixed assets, oil gas assets and productive biological assets	103,814,227.13	361,087,687.58
Amortization of intangible assets	94,071,633.54	60,561,457.43
Amortization of long-term deferred expense	180,080.00	180,080.00
Disposal of fixed assets, intangible assets and others long-term assets	18,473,345.73	9,151,727.78
Loss (gain) on retirement of fixed assets	-	-
Gain from fair value changes	-	-
Financial expense	(32,210,903.44)	12,925,058.16
Investment loss	(1,648,969,861.27)	(751,586,132.15)
Decrease in deferred tax assets	(58,375,953.15)	(106,720,369.02)
Increase in deferred tax liabilities	(9,185,625.00)	32,298,750.00
Decrease in inventory	(133,495,636.60)	(647,718,580.39)
Increase in operating receivables	(1,492,645,094.14)	(3,890,736,179.72)
Increase in operating payables	3,611,965,809.32	5,160,132,194.74
Others		-
Net cash flows from operating activities	2,536,876,020.35	2,030,352,617.59
2. Movement of cash and cash equivalents		-
Ending balance of cash	3,087,748,588.31	1,973,263,003.71
Less: beginning balance of cash	1,973,263,003.71	1,161,803,176.40
Add: ending balance of cash equivalents	-	-
Less: beginning balance of cash equivalents	-	-
Increase in cash and cash equivalents	1,114,485,584.60	811,459,827.31

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 (Expressed in Renminbi Yuan)

XIII. Supplementary information to financial statements

1. Schedule of non-recurring profit and loss

Item	Amount	Explanation
Profit and loss arising from disposal of non-current assets	(49,916,563.41)	
Government grants	50,938,346.80	
Current net profit from beginning to combined date of business combination under common control	(27,661,628.30)	
Investment income from the fair value changes of held for trading financial assets or liabilities, and the disposal of held for trading financial assets, liabilities or available for sale financial assets	4,563,744.00	
Other non-operating income and expenses	(3,022,794.88)	
Other income and expenses in accordance with the definition of non-recurring profit and loss		
Effect on income tax	2,292,311.52	
Effect on minority shareholders (after tax)	(280,257.19)	
Total	(23,086,841.46)	

Note: the amount of non-recurring profit and loss is before tax.

The Company recognizes non-recurring profit and loss items in accordance with the provisions of "1st Explanation for Disclosure of Listed Company - Non-recurring Profit and Loss" (CSRC Announcement [2009] No 43).

2. Return on equity and earnings per share

2010

Current profit	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS
Net profit attributable to the Company's ordinary shareholders	20.67	0.87	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss	20.90	0.88	N/A

Restated 2009

Current profit	Weighted average return on equity (%)	Earnings per share	
		Basic EPS	Diluted EPS

Chongqing Changan Automobile Company Limited
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Net profit attributable to the Company's ordinary shareholders	13.63	0.48	N/A
Net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss	14.32	0.50	N/A

The Company has no dilutive potential ordinary shares.

In accordance with the regulations issued by China Security Regulation Commission (2008), No 9 Regulation of Information Disclosure of Public Companies---the Calculation and Disclosure of Return of Net Assets and Earning per Share, the Group disclosed the return of net assets and earnings per share in the reporting period.

The basic earnings per share is calculated by the net profit attributable to the Company's ordinary shareholders divided by the weighted average outstanding ordinary shares (deducted the buy-backed B shares).

The weighted average return on equity and earnings per share of 2009 are based on the restated net profit attributable to the Company's ordinary shareholders and net profit attributable to the Company's ordinary shareholders after deducting non-recurring profit and loss.

3. The major fluctuation and related explanation of the Group's financial statements

The financial statement items whose fluctuation percentage between two reporting periods is larger than 30%, fluctuation amount larger than 5% of total assets or 10% of net profit, name is not a reporting item specified by accounting principles, or nature cannot be reflected by the name, are as follows:

1. The fluctuation percentage of operating sales, cost and expenses between 2010 and 2009 amounted to 29% which is mainly due to the Group is benefit to the national auto industry policy and the increasing promotion. Total vehicles sold increased from 0.79 million of 2009 to 1.02 million of 2010.
2. The fluctuation percentage of business tax and surcharges between 2010 and 2009 amounted to 24% which is mainly due to the increase of business tax and consumption tax consistent with the increase of sales.
3. The fluctuation percentage of general and administrative expenses between 2010 and 2009 amounted to 26% which is mainly due to the increase of research and development expenses and rental expenses.
4. The fluctuation amount of financial expenses between 2010 and 2009 amounted to RMB 64.39 million which is mainly due to the increase of interest income and decrease of interest expenses resulted from the increase of operating funds.

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5. The fluctuation amount of impairment loss on assets between 2010 and 2009 amounted to RMB 0.57 billion which is mainly due to the large impairment provision for fixed assets and inventories accrued in 2009 for the adjustment of production line.

6. The fluctuation amount of investment income between 2010 and 2009 amounted to RMB 0.83 billion which is mainly due to the increase of current profit of the subsidiaries.

7. The fluctuation amount of non-operating income between 2010 and 2009 amounted to RMB 22.92 million which is mainly due to the increase of government grants.

8. The fluctuation amount of income tax expense between 2010 and 2009 amounted to RMB 19.35 million which is mainly due to the approved additional deduction arising from research and development expense.

9. The fluctuation percentage of cash between 2010 and 2009 amounted to 20% which is mainly due to the increase of operating cash inflow from the increase of sales in 2010 by 29%.

10. The fluctuation percentage of notes receivable between 2010 and 2009 amounted to 26% which is mainly due to that more dealers used the notes to settle the balances.

11. The fluctuation percentage of accounts receivable between 2010 and 2009 amounted to 121% which is mainly due to the increase of credit sales around the period end.

12. The fluctuation percentage of prepayments between 2010 and 2009 amounted to 41% which is mainly due to the decrease of prepaid molds and equipment expenses which were transferred into construction in progress or fixed assets.

13. The fluctuation amount of other receivables between 2010 and 2009 amounted to RMB 46.11 million which is mainly due to the increase of advances for energy-saving subsidies.

14. The fluctuation amount of inventories between 2010 and 2009 amounted to RMB 0.17 billion which is mainly due to the increase of sales around year end which led to the decrease of the commodity stock.

15. The fluctuation amount of other current assets between 2010 and 2009 amounted to RMB 6.41 million which is mainly due to the increase of VAT input tax to be certified.

16. The fluctuation amount of long-term equity investment between 2010 and 2009 amounted to RMB 0.88 billion which is mainly due to the increase of investment income from joint ventures amounted to 1.57 billion, the dividend of joint ventures under equity method amounted to 0.8 billion and increase of investment in Changan Ford Mazda Engine Co., Ltd by 0.11 billion.

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17. The fluctuation amount of fixed assets between 2010 and 2009 amounted to 0.90 billion which is mainly due to Phase II motor project in Changan industrial garden and the engine production project began to use in 2010.

18. The fluctuation amount of construction in progress between 2010 and 2009 amounted to 0.68 billion which is mainly due to the following new projects: Phase III Series C engine project, Phase I Series H construction, and Hebei Changan new district construction project.

19. The fluctuation amount of intangible assets between 2010 and 2009 amounted to 0.54 billion which is mainly due to the increase of capitalized research and development expenses, and the purchase of the land use rights for Yuzui motor city and Hebei new plant.

20. The fluctuation amount of long-term deferred expenses between 2010 and 2009 amounted to 2.60 million which is mainly due to the amortization of the current period.

21. The fluctuation amount of deferred tax assets between 2010 and 2009 amounted to 0.11 billion which is mainly due to the increase of accrued warranty, transportation fee, sales bonus and advertisement fee consistence with the increase of sales.

22. The fluctuation amount of other non-current assets between 2010 and 2009 amounted to 0.28 billion which is mainly due to the prepaid land use fee of Yuzui transferred to intangible assets and the payment for land use fee of Dianjiang motor comprehensive test site.

23. The fluctuation amount of short-term loans between 2010 and 2009 amounted to 0.32 billion which is mainly due to that with the increase of sales, the operating funds keep increase, so the Company return parts of short-term loans.

24. The fluctuation amount of financial liabilities held for trading between 2010 and 2009 amounted to 4.56 million which is mainly due to the expire of forward foreign exchange contracts of Chongqing Changan International Automobile Sales Co., Ltd.

25. The fluctuation amount of notes payable between 2010 and 2009 amounted to 2.09 billion which is mainly due to the increase of purchase.

26. The fluctuation amount of accounts payable between 2010 and 2009 amounted to 1.11 billion which is mainly due to the increase of productivity led to the increase of total purchase within the payment cycle.

27. The fluctuation amount of advanced from customers between 2010 and 2009 amounted to 0.43 billion which is mainly due to the increase of carriers for sales support and the frequency for recognizing the revenue.

28. The fluctuation amount of tax payable between 2010 and 2009 amounted to 0.18 billion which is mainly due to the increase of sales.

29. The fluctuation amount of other payables between 2010 and 2009 amounted to

0.43 billion which is mainly due to the increase of selling expenses around year end and the new construction costs.

30. The fluctuation amount of contingent liabilities between 2010 and 2009 amounted to 0.20 billion which is mainly due to the increase of warranty.

31. The fluctuation amount of non-current liabilities within one year between 2010 and 2009 amounted to 40 million which is mainly due to the reclassification from non-current liabilities.

32. The fluctuation amount of other current liabilities between 2010 and 2009 amounted to 0.70 billion which is mainly due to the increase of accrued warranty, transportation fee, sales bonus and advertisement fee consistence with the increase of sales.

33. The fluctuation amount of long-term loans between 2010 and 2009 amounted to 0.35 billion which is mainly to that with the increase of sales, the operating funds keep increase, so the Company return parts of short-term loans.

34. The fluctuation amount of other non-current liabilities between 2010 and 2009 amounted to 0.10 billion which is mainly to the increase of deferred income of the government grants related to construction.

XII. Documents for Future Reference

1. Financial reports with signatures and stamps of the legal representative, the chief accountant and the chief of accounting organization.

2. The original copy of audit report with the stamp of the CPA firm and the signature and stamp of the Certified Public Accountant.

3. All the original documents and manuscripts of the Company which has been disclosed in the reporting period in the newspapers designated by China Securities Regulatory Commission.

Annual reports disclosed in other securities markets.

Chairman of the Board:

Mr. Xu Liuping

General Manager:

Mr. Zhao Baolin

Chongqing Changan Automobile Co., Ltd.

16 April, 2011