

SAIC MOTOR CORPORATION LIMITED

600104

Annual Report 2012

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

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Important Note

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

2. All directors attended Board meetings.

3. Deloitte Touche Tohmatsu Certified Public Accountants LLP issued standard unqualified audit report for the Company.

4. Mr. Hu Maoyuan, chairman of the Board, Mr. Chen Hong, vice chairman and president and Mr. Gu Feng, the chief financial officer certify the truthfulness and the completeness of the financial statements contained in the annual report of the current year.

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

The Company plans to distribute cash dividends of RMB 6.00 (inclusive of tax) per 10 shares, amounting to RMB 6,615,339,977.40 (inclusive of tax), based on total 11,025,566,629 shares as of the end of year 2012. The Company has no plan of capitalization of capital reserve this year. The profit distribution plan is subject to the approval of annual general meeting of shareholders.

6. Does the situation exist where the controlling shareholders and their related parties occupy the funds of the Company for non-operational use? No.

7. Does the situation exist where the Company provides external guarantee which is not in compliance with the required decision-making procedures? No.

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

Section I Definitions and Significant Risk Alert

1. Definition

In this report, unless the context otherwise requires, the following terms shall have the meanings set out below:

CSRC	China Securities Regulatory Commission
SSE	Shanghai Stock Exchange
Shanghai SASAC	Shanghai State-owned Assets Supervision and Administration Commission
Company, the Company	SAIC Motor Corporation Limited
SAIC	Shanghai Automotive Industry Corporation (Group)

2. Significant Risk Alert

The Company has described the possibly existing relevant risks in details in this report. Please refer to part "potential risks" in "The Board's discussion and analysis on future development of the Company" in Section IV "Report of the Board of Directors" for details.

Section II General Information of the Company

1. Information of the Company

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

2. Contacts

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

3. Basic information of the Company

Registration address	Room 509, Building A, No. 563 Songtao Road, Zhangjiang High-tech Park, Pudong, Shanghai, China
Post code of registration address	201203
Office address	No. 489 Weihai Road, Jing'an District, Shanghai, China
Post code of office address	200041
Website	http://www.saicmotor.com
E-mail	saicmotor@saic.com.cn

4. Information disclosure and the locations

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

5. Abbreviation of the Company's shares

Class of shares	Stock exchange	Short name	Stock code	Former short name
A shares	Shanghai Stock Exchange	上汽集团 (SAIC MOTOR)	600104	上海汽车

6. Change of registration of the Company in the reporting period

(1) Basic information

On June 21, 2012, registered capital of the Company was changed to RMB 11,025,566,629.

(2) Information of the first-time registration of the Company

Details of the first-time registration of the Company are set out in "Annual Report 1997 of SAIC Motor Corporation Limited".

(3) Changes of business scope since the Company listed

On September 13, 2002, business scope of the Company was changed to "manufacturing and sales of automobiles, motorcycles, tractors and other motor vehicles, power trains and automobile parts, property management, domestic trading (except those under special provisions), advisory services, export of self-manufactured products and technology, import of machinery and equipment, spare parts, raw materials and supplementary materials, and technology needed in the business operating (except goods and technology which are restricted for company operation or forbidden for import and export by Chinese government)(subject to the license if the Company's business relates to licensing)".

On August 10, 2007, business scope of the Company was extended to include "manufacturing of machinery equipment, power train and parts" and "rental of cars and machinery and equipment, industrial investment, import and export business of goods and technology".

On August 26, 2009, business scope of the Company was extended to include "periodical publishing, advertisements in the Company's own media".

(4) Changes of controlling shareholder since the Company listed

In 1997, the Company was registered and the controlling shareholder was Shanghai Automotive Industry Corporation (Group).

In 2005, the controlling shareholder was changed to SAIC Motor Corporation Limited.

In 2007, the controlling shareholder was changed to Shanghai Automotive Industry Corporation (Group).

Details are set out in related announcements in 2005 and 2007.

7. Other relevant information

Information of the accounting firm appointed by the Company		
Name	Deloitte Touche Tohmatsu Certified Public Accountants LLP	
Office address	F/30, Bund Center, No. 222 Yan An Road East, Shanghai	
Signing Certified Public Accountant	Ms. Zhou Hua, Ms. Hu Yuanyuan	
Sponsor performing continuous supervision duties in the reporting period (financial advisor)		
Name	Guotai Jun'an Securities Co., Ltd.	CITIC Securities Co., Ltd.
Office address	F/29, Shanghai Bank Tower, No. 168 Yin Cheng Road Middle, Shanghai	F/23, CSCEC Tower, No. 1568 Century Road, Shanghai
Authorized sponsor representative	Mr. Fu Tao, Mr. Wen Zhi	Mr. Yu Junli, Mr. Yin Xiong*
Continuous supervision period	September 13, 2011 – December 31, 2012	December 10, 2010 – December 31, 2011

*Due to the resignation of Mr. Li Guangchao, the former sponsor representative, CITIC Securities Co., Ltd. designated Mr. Yin Xiong as the Company's sponsor representative.

Section III Major Financial Information and Financial Indicators

1. Major accounting data and financial indicators

Unit: RMB

Major accounting data	2012	2011	Year-on-year (%)	2010 (Restarted)
Operating income	478,432,576,342.83	433,095,484,273.94	10.47	364,983,328,165.82
Net profit attributable to shareholders of the Company	20,751,763,307.97	20,221,866,457.55	2.62	16,389,781,473.15
Net profit excluding non-recurring profit or loss attributable to shareholders of the Company	20,477,080,086.31	16,656,350,130.31	22.94	13,115,663,157.24
Net cash flow from operating activities	19,591,127,624.55	20,209,343,887.11	-3.06	29,353,498,345.35
	December 31, 2012	December 31, 2011	Year-on-year (%)	December 31, 2010 (Restarted)
Net assets attributable to shareholders of the Company	122,337,367,399.45	102,362,314,723.18	19.51	86,914,493,931.46
Total assets	317,202,998,968.11	318,633,180,995.07	-0.45	285,044,602,668.98

2. Major financial indicators

Major financial indicators	2012	2011	Year-on-year (%)	2010 (Restarted)
Basic earnings per share (RMB/Share)	1.882	1.834	2.62	1.591
Diluted earnings per share (RMB/Share)	N/A	N/A		N/A
Basic earnings per share excluding non-recurring profit or loss (RMB/Share)	1.857	1.802	3.05	1.539
Weighted average return on net assets (%)	18.52	21.37	Decreased by 2.85 percentage points	23.68
Weighted average return on net assets excluding non-recurring profit or loss (%)	18.27	22.92	Decreased by 4.65 percentage points	26.54

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

Unit: RMB

	2012	2011	2010 (Restated)
Profit or loss on disposal of non-current assets	134,328,259.75	-76,240,425.58	45,262,164.03
Government grants recognized in profit or loss for the current year	761,484,342.38	164,600,739.62	104,783,558.80
The excess of acquirer's proportionate share of fair value of identifiable net assets of acquiree over the consideration paid for the acquisition of subsidiaries, associates and joint ventures	693,657.36	7,347,220.78	131,554,995.45
Profit or loss on debt restructuring	-2,029,385.04	-12,651,684.45	49,866,630.19
Net profit or loss of subsidiaries acquired in business combination involving enterprises under common control from the beginning of the period up to the business combination date	-	6,600,109,465.42	5,699,682,469.02
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those for effective hedging activities relating to normal operating business	578,121,041.39	642,506,114.61	857,213,571.84
Gain related to business combination not involving enterprises under common control achieved in stages	-	-	240,213,689.49
Impairment loss on available-for-sale financial assets	-652,323,606.66	-	-
Other non-operating income and expenses other than the above	-60,283,341.25	27,146,967.57	-635,023,370.21
Income tax effects	-294,213,499.23	-182,936,070.70	-144,628,099.86
Amounts attributable to minority interests	-191,094,247.04	-3,604,366,000.03	-3,074,807,292.84
Total	274,683,221.66	3,565,516,327.24	3,274,118,315.91

Section IV Report of the Board of Directors

1. The Board's discussion and analysis on the operation of the Company during the reporting period

In 2012, under the circumstance that the global economic recovery slowed down and downward pressure on domestic economy was enlarged, the domestic automotive market was still mired in sluggish growth even though it was better than that of 2011. China's domestic automotive market achieved sales of 19.41 million vehicles, increased by 3.2%.

Facing the domestic automotive market which was lack of growth drivers, the Company paid close attention to the changes of market situation and took proactive actions which have brought satisfactory results. In 2012, the Company and its affiliated companies (the "Group") continued to play a leading role in domestic market and sold 4.49 million vehicles (including 2.983 million passenger vehicles, 12.5% over 2011, and 1.507 million commercial vehicles, 10.8% over 2011), which is an increase of 12% over 2011.

Joint ventures of the Company continued to play leading role in industry, in particular, Shanghai General Motor Co., Ltd. ("SGM") and Shanghai Volkswagen Co., Ltd. ("SVW") were ranked the top and the third best seller among automakers in passenger vehicle market of China, SAIC GM Wuling Co., Ltd. ("SGMW") remained the leading position in mini-van market. During the year, independent innovation has been promoted comprehensively. Sales of vehicles with self-owned brands exceeded 0.2 million, which is a new milestone, and the periodic goal of industrialization of new energy vehicles was achieved as planned.

During the reporting period, the Group achieved total operating income of RMB 480,979.6717 million, net profit attributable to shareholders of the Company of RMB 20,751.7633 million and earnings per share of RMB 1.882. As of December 31, 2012, the Group has total assets of RMB 317,202.9990 million, and net assets attributable to shareholders of the Company of RMB 122,337.3674 million.

(1) Analysis of major business

① Analysis of changes in income statement and cash flow statement

Unit: RMB

Items	2012	2011	Changes (%)
Operating income	478,432,576,342.83	433,095,484,273.94	10.47
Operating costs	400,563,596,693.58	351,870,300,190.34	13.84
Selling expenses	27,208,155,102.99	22,850,791,963.07	19.07
Administrative expenses	18,534,638,524.17	19,115,699,860.52	-3.04
Financial expenses	-115,219,782.30	42,775,595.66	-369.36
Net cash flow from operating activities	19,591,127,624.55	20,209,343,887.11	-3.06
Net cash flow from investing activities	-17,023,347,373.43	-5,001,869,217.81	-240.34
Net cash flow from financing activities	-15,277,101,409.59	-16,125,960,195.71	5.26
Research and development expenditures	5,756,417,972.63	5,921,329,011.13	-2.79

Analysis:

- 1) Financial expenses decreased by RMB 158 million or 369.36% mainly due to the increase of interest income, as a result of strengthened management of return on bank balances and cash.
- 2) Net cash flow from investing activities decreased by RMB 12.021 billion or 240.34% mainly due to the decrease of cash and bank balances as SGM was not included in the scope of consolidated financial statements as of the end of the year.

② Revenue

- 1) Analysis of factors which impact revenue from product sales
The production and sales of major automakers of the Group in 2012:

Enterprises	Production (Volume)			Sales (Volume)		
	2012	2011	Changes (%)	2012	2011	Changes (%)
Shanghai Volkswagen Automotive Co., Ltd.	1,281,957	1,178,421	8.79%	1,280,008	1,165,827	9.79%
Shanghai General Motors Co., Ltd.	1,319,000	1,207,445	9.24%	1,392,658	1,231,539	13.08%

SAIC Motor - Passenger Vehicle Branch	195,675	157,206	24.47%	200,017	162,004	23.46%
SAIC GM Wuling Co., Ltd.	1,500,168	1,281,118	17.10%	1,458,188	1,301,118	12.07%
SAIC Motor Commercial Vehicle Co., Ltd.	7,582	---	---	7,069	---	---
Shanghai Sunwin Bus Co., Ltd.	3,250	3,153	3.08%	3,250	3,152	3.11%
SAIC - Iveco Hongyan Commercial Vehicle Co., Ltd.	15,614	27,005	-42.18%	17,008	31,500	-46.01%
Nanjing Iveco Automobile Co., Ltd.	131,687	114,605	14.91%	132,013	113,827	15.98%
Total	4,454,933	3,968,953	12.24%	4,490,211	4,008,967	12.00%

Note: SAIC Motor Commercial Vehicle Co., Ltd. was established in 2011.

2) Major customers

Unit: RMB

Total amount of sales to top 5 customers	38,629,280,074.28
Proportion to total operating income (%)	8.08

③ Costs

1) Costs analysis

Unit: RMB

By product	Items	2012	Proportion to total costs (%)	2011	Proportion to total costs (%)	Changes (%)
Automotive manufacturing	Vehicles	318,042,746,527.38	79.28	281,163,180,193.16	79.83	13.12
	Parts	62,565,114,689.73	15.59	51,738,463,419.92	14.69	20.93
	Trading	10,432,567,162.14	2.60	10,676,999,862.33	3.03	-2.29
	Service and others	9,523,168,314.33	2.37	8,291,656,714.93	2.36	14.85
Financial		624,467,710.71	0.16	319,144,232.31	0.09	95.67
Total		401,188,064,404.29	100.00	352,189,444,422.65	100.00	13.91

2) Major suppliers

Unit: RMB

Total amount of purchase from top 5 suppliers	217,933,406,023.44
Proportion to total purchase (%)	55.00

④ Expenses

Unit: RMB

Items	2012	2011	Changes (%)
Selling expenses	27,208,155,102.99	22,850,791,963.07	19.07
Administrative expenses	18,534,638,524.17	19,115,699,860.52	-3.04
Financial expenses	-115,219,782.30	42,775,595.66	-369.36
Income tax expenses	6,628,111,243.43	7,038,531,753.70	-5.83

⑤ Research and development expenditures

Research and development ("R&D") expenditures

Unit: RMB

R&D expenditures expensed in the current period	5,311,774,321.86
R&D expenditures capitalized in the current period	444,643,650.77
Total R&D expenditures	5,756,417,972.63
Proportion of R&D expenditures to net assets (%)	3.97
Proportion of R&D expenditures to operating income (%)	1.20

⑥ Cash flow

Unit: RMB

Items	2012	2011	Changes
Net cash flow from operating activities	19,591,127,624.55	20,209,343,887.11	-618,216,262.56
Net cash flow from investing activities	-17,023,347,373.43	-5,001,869,217.81	-12,021,478,155.62

Net cash flow from financing activities	-15,277,101,409.59	-16,125,960,195.71	848,858,786.12
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(2) Analysis of operations by industry, product or region

① Primary operations by industry or product

Unit: RMB

Industry	Operating income	Operating costs	Gross margin ratio (%)	Change of operating income (%)	Change of operating costs (%)	Change of gross margin ratio (%)
Automotive manufacturing	478,432,576,342.83	400,563,596,693.58	16.28	10.47	13.84	Decreased by 2.47 percentage points
Financial	2,547,095,311.90	624,467,710.71	75.48	49.09	95.67	Decreased by 5.84 percentage points
Total	480,979,671,654.73	401,188,064,404.29	16.59	10.62	13.91	Decreased by 2.41 percentage points

Unit: RMB

Product	Operating income	Operating costs	Gross margin ratio (%)	Change of operating income (%)	Change of operating costs (%)	Change of gross margin ratio (%)
Vehicles	373,657,830,255.77	318,042,746,527.38	14.88	9.22	13.12	Decreased by 2.93 percentage points
Parts	81,439,636,823.62	62,565,114,689.73	23.18	17.66	20.93	Decreased by 2.07 percentage points
Trading	10,895,851,370.55	10,432,567,162.14	4.25	-0.91	-2.29	Increased by 1.35 percentage points
Service and others	12,439,257,892.89	9,523,168,314.33	23.44	15.43	14.85	Increased by 0.38 percentage point
Financial	2,547,095,311.90	624,467,710.71	75.48	49.09	95.67	Decreased by 5.84 percentage points
Total	480,979,671,654.73	401,188,064,404.29	16.59	10.62	13.91	Decreased by 2.41 percentage points

② Primary operations by region

Unit: RMB

Region	Operating income	Changes (%)
China	480,123,091,764.59	10.67
Others	856,579,890.14	-10.66
Total	480,979,671,654.73	10.62

(3) Analysis of assets and liabilities

① Analysis of assets

Unit: RMB

Items	December 31, 2012		December 31, 2011		Changes (%)
	Amount	Proportion to total assets (%)	Amount	Proportion to total assets (%)	
Cash and bank balances	60,846,425,921.76	19.18	72,158,565,902.59	22.65	-15.68
Accounts receivable	15,427,853,242.07	4.86	11,970,414,523.06	3.76	28.88
Inventories	24,950,803,086.15	7.87	29,256,881,018.66	9.18	-14.72
Investment properties	2,873,077,080.29	0.91	2,917,637,809.76	0.92	-1.53
Long-term equity investments	45,483,194,021.66	14.34	31,253,326,919.56	9.81	45.53
Fixed assets	24,792,105,841.46	7.82	36,691,546,772.91	11.52	-32.43
Intangible assets	5,526,670,004.45	1.74	8,192,067,057.29	2.57	-32.54
Construction in progress	8,033,818,659.57	2.53	8,829,598,188.54	2.77	-9.01
Held-for-trading financial assets	42,839,755.99	0.01	759,037,792.49	0.24	-94.36
Notes receivable	24,942,718,373.67	7.86	40,149,264,950.36	12.60	-37.88
Dividends receivable	5,986,377,249.15	1.89	284,205,442.47	0.09	2006.36
Loans and advances	6,596,774,236.12	2.08	4,991,064,063.15	1.57	32.17
Available-for-sale financial assets	20,907,581,748.67	6.59	13,971,073,896.98	4.38	49.65

Analysis:

- 1) Balance of long-term equity investments increased by RMB 14.230 billion or 45.53% mainly due to the change of SGM from subsidiary of the Company to joint venture this year, and it was accounted for using equity method after deconsolidation.
- 2) Balance of fixed assets decreased by RMB 11.899 billion or 32.43% mainly because SGM was not included in the scope of consolidation as of end of the year.
- 3) Balance of intangible assets decreased by RMB 2.665 billion or 32.54% due to the same reason as described in 2).
- 4) Balance of held-for-trading financial assets decreased by RMB 0.716 billion or 94.36% due to the same reason as described in 2).
- 5) Balance of notes receivable decreased by RMB 15.207 billion or 37.88%. Accounting to "Accounting Standards Interpretations No.5", the Company should derecognize a financial asset if substantially all the risks and rewards of ownership of the financial asset are transferred. Therefore, the Company derecognized endorsed notes receivables accordingly.
- 6) Balance of dividends receivable increased by RMB 5.702 billion or 2006.36% due to the same reason as described in 1).
- 7) Balance of loans and advances increased by RMB 1.606 billion or 32.17% mainly due to the further expansion of individual automobile consumption loans business of SAIC Finance Co., Ltd. ("SFC"), a subsidiary of the Company
- 8) Balance of available-for-sale financial assets increased by RMB 6.937 billion or 49.65% mainly due to the expansion of relevant investment by SFC.

② Analysis of liabilities

Unit: RMB

Items	December 31, 2012		December 31, 2011		Changes (%)
	Amount	Proportion of total assets (%)	Amount	Proportion of total assets (%)	
Short-term borrowings	5,798,812,190.73	1.83	5,859,252,494.44	1.84	-1.03
Long-term borrowings	946,778,928.20	0.30	1,863,486,345.64	0.58	-49.19
Customer deposits and deposits from banks and other financial institutions	31,808,381,587.96	10.03	18,424,507,736.80	5.78	72.64
Notes payable	3,083,732,165.14	0.97	5,024,404,818.28	1.58	-38.62
Accounts payable	47,809,876,107.19	15.07	73,210,344,869.39	22.98	-34.70
Financial assets sold under repurchase agreements	0.00	-	1,164,995,527.20	0.37	-100.00
Dividends payable	1,098,745,971.80	0.35	6,247,188,138.59	1.96	-82.41
Bonds payable	0.00	-	5,767,289,001.11	1.81	-100.00

Analysis:

- 1) Balance of long-term borrowings decreased by RMB 0.917 billion or 49.19% mainly because portion of long-term borrowings will be due in 2013 and thus the amounts were reclassified to non-current liabilities due within one year.
- 2) Balance of customer deposits and deposits from banks and other financial institutions increased by RMB 13.384 billion and 72.64% mainly due to the change of consolidated scope and SGM's bank deposits in SFC were not eliminated in the consolidated financial statements.
- 3) Balance of notes payable decreased by RMB 1.941 billion or 38.62% mainly due to the reason that SGMW, a subsidiary of the Company, changed the settlement method with its suppliers.
- 4) Balance of accounts payable decreased by RMB 25.40 billion or 34.70% mainly because (a). SGM was not included in the consolidation scope as of end of the year, (b). Endorsed notes receivables and relevant accounts payable were derecognized according to "Accounting Standards Interpretations No.5".
- 5) Balance of financial assets sold under repurchase agreements decreased by RMB 1.165 billion or 100% as financial assets sold under repurchase agreements of SFC were settled at due date.
- 6) Balance of dividends payable decreased by RMB 5.148 billion or 82.41% mainly because SGM was not included in the consolidation scope as of end of the year.
- 7) Balance of bonds payable decreased by RMB 5.767 billion or 100% mainly because convertible bonds due in 2013 were reclassified to non-current liabilities due within one year.

(4) Analysis of core competitiveness

Core competitiveness of the Company in domestic automotive market is demonstrated in three aspects. Firstly, the

Company has competitive advantage by owning the entire automotive industry chain. Operations of the Group have covered the entire automotive industry chain including vehicles, parts, services and trading, and automotive financing, etc., which has produced beneficial synergistic effect and enhanced the comprehensive competitive capacity. Secondly, the Company has leading advantage in domestic market. The Company plays a leading role for years in vehicle production and sales, with varieties of product categories and extensive sales network under continuous optimization in layout, which is beneficial for the Company to enhance the market presence and capability of quick reaction to customers' needs. Thirdly, innovation capability, an emerging advantage of the Company, is being advanced. The Company has initially established a global self-owned brand R&D framework; local R&D capability of major joint ventures is getting stronger; and new energy vehicle industrialization program is implemented smoothly to make great preparation to occupy a commanding height in future development. These advantages have laid a solid foundation for sustainable development of the Company.

(5) Analysis of investments

① Overall analysis of equity investments

The Company is a large group engaged in manufacturing and sales of vehicles and auto parts, as its major business, and automotive financing and automotive service. The Company's investments cover a wide variety of categories. The closing balance of the Company's long-term equity investments was RMB 65.655 billion, increased by RMB 2.739 billion compared to the opening balance, mainly due to the deconsolidation of SGM, which is accounted for using equity method after deconsolidation. Please refer to audited financial statements for other long-term equity investments and other investments.

Information shares of other listed companies held by the Company

Unit: RMB

Stock code	Name of security	Initial investments	Percentage of shares held	Book value at the year-end	Gain in the reporting period	Account
601939	China Construction Bank	20,920,512.40	<5%	15,336,952.00	788,519.39	Available-for-sale financial assets
600036	China Merchants Bank	4,369,109,350.73	<5%	5,061,099,711.25	154,593,591.18	Available-for-sale financial assets
600841	Shanghai Diesel	1,173,419,996.46	47.92%	1,173,419,996.46	13,014,141.55	Long-term equity investments
600741	HASCO	9,956,431,904.22	60.10%	9,956,431,904.22	465,734,481.30	Long-term equity investments
Total		15,519,881,763.81	---	16,206,288,563.93	634,130,733.42	---

② Entrusted investments and derivative investments of non-financial companies

1) Entrusted investments

The Company has no entrusted investments during the reporting period.

2) Entrusted loans

Entrusted loans held by the Company during the reporting period are as follows:

Name of the borrower	Amount of the loan (RMB '000)	Term of the loan		Interest rate per annum (%)	Over due or not	Related party or not	Relationship
SAIC Motor Commercial Vehicle Co., Ltd.	90,000	2012.12.24-	2013.12.23		No	No	
SAIC Motor Commercial Vehicle Co., Ltd.	10,000	2012.04.17-	2013.04.16		No	No	
SAIC Motor Commercial Vehicle Co., Ltd.	100,000	2012.02.10-	2013.02.09	3.50%	No	No	
Nanjing Automobile (Group) Corporation	400,000	2012.01.17-	2013.01.16		No	No	
Nanjing Automobile (Group) Corporation	1,340,000	2012.02.23-	2013.02.22		No	No	
Nanjing Automobile (Group) Corporation	500,000	2012.01.04-	2013.01.03		No	No	
Nanjing Automobile (Group) Corporation	35,000	2012.04.20-	2013.04.19		No	No	
Nanjing Automobile (Group) Corporation	25,000	2012.08.28-	2013.08.27		No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	9,000	2012.07.19-	2013.07.18	0.12%	No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	15,000	2012.12.12-	2013.06.11	0.12%	No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	50,000	2012.11.21-	2013.11.20	0.12%	No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	60,000	2012.01.09-	2013.01.08	0.12%	No	No	
Shanghai PengPu Machine Building Plant	40,000	2012.03.16-	2013.03.15	0.12%	No	No	

Co., Ltd.							
Shanghai PengPu Machine Building Plant Co., Ltd.	15,000	2012.07.20-	2013.07.19	0.12%	No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	50,000	2012.11.14-	2013.11.13	0.12%	No	No	
Shanghai PengPu Machine Building Plant Co., Ltd.	50,000	2012.12.07-	2013.12.06	0.12%	No	No	
Shanghai Automobile Import & Export Co., Ltd.	20,000	2012.10.10-	2013.04.09	5.37%	No	No	
Shanghai Automobile Import & Export Co., Ltd.	20,000	2012.12.06-	2013.06.05	4.92%	No	No	
Anyue Motor Supplies Co., Ltd.	20,000	2012.10.08-	2013.04.07	5.49%	No	No	
Anyue Motor Supplies Co., Ltd.	20,000	2012.10.23-	2013.04.22	5.49%	No	No	
Anyue Motor Supplies Co., Ltd.	60,000	2012.12.27-	2013.06.26	5.04%	No	No	
Donghua Automotive Industrial Co., Ltd.	700,000	2012.12.31-	2013.12.30	1.00%	No	No	
Shanghai Shangyuan Investment Management Co., Ltd.	72,800	2012.11.13-	2013.11.12		No	No	
SAIC Motor Equity Investment Co., Ltd.	600,000	2012.03.29-	2013.03.28		No	No	
SAIC Motor Equity Investment Co., Ltd.	300,000	2012.06.19-	2013.06.18		No	No	
Yizheng Automotive Industrial Park Investment and Development Co., Ltd.	120,000	2012.12.17-	2013.12.17	0.81%	No	No	
SAIC HK Investment Co., Ltd.	USD 9,800	2012.01.15-	2014.01.15	0.30%	No	No	
SAIC HK Investment Co., Ltd.	USD 50,000	2011.07.06-	2013.07.06	0.30%	No	No	
SAIC HK Investment Co., Ltd.	USD 200,000	2011.08.12-	2013.08.12	0.30%	No	No	
SAIC HK Investment Co., Ltd.	USD 100,000	2011.08.18-	2013.08.18	0.30%	No	No	
SAIC HK Investment Co., Ltd.	USD 140,000	2012.11.29-	2014.09.19	0.30%	No	No	
SAIC HK Investment Co., Ltd.	USD 10,000	2012.12.05-	2014.09.19	0.30%	No	No	

③ Use of raised funds

1) General information on the use of raised funds

As approved by China Securities Regulatory Commission with "Approval of Non-public Issue of Shares of SAIC Motor Corporation Limited" (Zheng Jian Xu Ke [2010] No. 1717), the Company issued 720,980,533 A shares at RMB 13.87 per share and raised total funds of RMB 9,999,999,992.71. By December 9, 2010, the Company had received net proceeds of RMB 9,878,999,992.71 after deducting the issuance costs of RMB 121,100,000.00. As of December 31, 2010, the balance of unused fund raised was RMB 9,882.7145 million (inclusive of interest income).

As of December 31, 2012, cumulative amount of the raised-funds used by the Company is RMB 5,217.5884 million, of which RMB 2,453.0496 million was used to exchange for the self-owned funds used for the investment projects for fund raising, RMB 1,770.7347 million was used during year 2011 and RMB 993.8041 million was used during year 2012. As of the end of 2012, the balance of unused funds raised is RMB 4,875.4770 million (inclusive of total interest income of RMB 210.3509 million earned in 2011 and 2012).

2) Funds used in the committed projects

Unit: RMB '000,000

No.	Name of project	Planned investment amount of raised funds	Actual investment amount of raised funds in 2012	Accumulative actual investment amount of raised funds	Project progress
1	Investment projects of self-owned brand passenger vehicles	5,531.0000	643.7398	3,104.2807	Under construction, progressing by schedule
	<i>Including: Projects of self-owned brand passenger vehicles (Phase II)</i>	<i>3,506.0000</i>	<i>379.8772</i>	<i>2,477.5404</i>	Under construction, progressing by schedule
	<i>R&D projects of self-owned brand passenger vehicles</i>	<i>2,025.0000</i>	<i>263.8626</i>	<i>626.7403</i>	Under construction, progressing by schedule
2	Investment projects of self-owned brand commercial vehicles	1,178.5000	101.2103	1,178.5000	Completed
3	Project of dual clutch automatic transmission assembly	596.5000	88.1060	416.3586	Under construction, progressing by schedule
4	Project of construction of Technology Center (Phase II)	2,694.0000	160.7480	518.4491	Under construction, progressing by schedule
Total		10,000.0000	993.8041	5,217.5884	

4) Analysis of major invested companies with controlling shareholding and non-controlling shareholding

Unit: RMB '000,000

Company name	Business nature	Main products or services	Registered capital	Total assets
Shanghai Volkswagen Automotive Co., Ltd.	Manufacturing	Manufacturing and sales of vehicles	11,500.00	79,955.18
Shanghai General Motors Co., Ltd.	Manufacturing	Manufacturing and sales of vehicles	USD 1,083.00	61,137.90
SAIC GM Wuling Co., Ltd.	Manufacturing	Manufacturing and sales of vehicles	1,668.08	28,896.27
HUAYU Automotive Systems Co., Ltd.	Manufacturing	Manufacturing and sales of auto parts	2,583.20	48,239.99
SAIC Finance Co., Ltd.	Financial	Financial service	3,000.00	77,245.43

5) Non-raised fund's projects

Unit: RMB

Name of project	Actual investment	Project progress
Additional capital injection to SAIC Motor Commercial Vehicle Co., Ltd.	44,000,000.00	Completed
Additional capital injection to Shanghai Automotive Industry Sales Co., Ltd.	500,000,000.00	Completed
Additional capital injection to Shanghai Automobile Import & Export Co., Ltd.	100,000,000.00	Completed
Participation in non-public issues of Shanghai Diesel Engine Co., Ltd.	249,999,996.46	Completed
Establishment of Shanghai Jineng Bus Drive System Co., Ltd.	60,000,000.00	Completed
Additional capital injection to SAIC Activity Center Co., Ltd.	50,000,000.00	Completed
Additional capital injection to SAIC Motor Equity Investment Co., Ltd.	200,000,000.00	Completed
Additional capital injection to DIAS Automotive Electronic Systems Co., Ltd.	54,000,000.00	Completed
Total	1,257,999,996.46	

2. The Board's discussion and analysis on future development of the Company

(1) Industry competitive landscape and developing trend

From a medium and long-term perspective, benefiting from steady growth of macro economy, development of new industrialization, informatization, urbanization and agricultural modernization, future domestic automotive market still has large space for growth, while the growth tends to be stable. It's predicted by relevant institutions that the sales volume of domestic automotive market will reach 30 million by 2020. In the next few years, with further development of automotive industry globalization, the global automotive market will still grow steadily while emerging market will enjoy more rapid growth, prospects of industrialization of energy-saving and new energy vehicles is clearer, traditional automotive technology will continuously be improved, the original international automotive industry landscape is under structural change and new forces are entering the global markets. In the near future, the changes of global and domestic automotive market will create market opportunities for the Company's development.

However, the Company also faces serious challenges for future development. In the domestic automotive market in the next few years, the problem of excess capacity will be sustained, price competition will be increasingly severe, costs, in particular, labor costs will continuously rise, and pressures from energy and environment protection urges automakers to accelerate transformation and upgrade.

It is predicted that domestic automotive market in year 2013 will be slightly better than that in year 2012 and domestic sales volume of vehicles will exceed 20 million, including approximately 15 million passenger vehicles and 5.8 million commercial vehicles.

(2) The Company's development strategy

"12th Five-Year Plan" of the Company puts forward that: as guided by scientific development concept, seize the opportunity of global and domestic market, respond to environmental changes and challenges with cool-headedness; enhance intensive growth, advance the construction of self-owned brands and industrialization of new energy vehicles and accelerate the enhancement of core competitiveness; keep market-oriented, optimize the products and business structures constantly, improve the operation quality and enlarge the business scale; keep track of the development trend of global and domestic automotive industry, eye the opportunities of mergers and acquisitions; further solidify the leading position in China automotive industry, actively promote the international operations to achieve new breakthroughs, and lay a solid foundation to build the Company into an automotive group with core competitiveness and international operation abilities.

(3) Operation plan

In 2013, the Company will strengthen the sense of urgency and sense of crisis, keep in high spirits, work hard, insist on expanding market steadily, solidify the leading advantages in domestic market, keep enhancing abilities by innovation, focus on independent innovation, explore overseas business and continue strengthening risk management to ensure achievement of the objectives of the year and to lay a solid foundation for accelerating the construction of an enterprise with quality, efficiency and sustainable development ability. The Company will strive to achieve the goal on vehicle sales volume of 4.9 million and operating income and operating costs of 2013 are estimated to be RMB 490 billion and RMB 427 billion.

The main tasks of the Company for year 2013 are: (1) develop the market with all efforts to ensure the achievement of the goal on vehicle sales volume for the year, (2) continue expanding sales scale of self-owned brands to further enhance brand image and technical development ability, (3) carry out next-phase work after the launch of car model of new energy vehicle industrialization projects, work out new product R&D plan and advance the construction of new energy vehicle industrialization, (4) continue strengthening construction of self-owned brand commercial vehicle of "Maxus" to improve the profitability of commercial vehicles business, (5) actively explore overseas business, make efforts on export of products and push forward the Thailand project, (6) for business of parts, service, trading and automotive finance, continue the enhancement of technology development ability, innovation of business models and exploration of new business according to the Company's overall strategy.

(4) Funds needed to sustain current business and complete investment projects under construction

It is estimated that the holding company requires approximately RMB 6.65 billion in the year 2013 for fixed assets investment, research and development and additional capital injection to affiliated companies.

(5) Potential risks

Potential risks associated with the Company's operations relates to: (1) Rigid constraint such as restrictions on driving and purchasing vehicles may be further enhanced. With the growingly severe pollution and aggravated city traffic congestion, more and more cities may impose restrictions on driving and purchasing vehicles, which will increase the difficulty of developing certain local markets and will intensify market competition. (2) The construction of new production capacity and fierce price competition may adversely affect the Company's operating performance.

3. Plan of profit distribution or capitalization of capital reserve

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

Pursuant to item 155 of the Articles of Association, profit distribution policy of the Company is: (1) Profit distribution of the Company shall reflect a reasonable investment return for the investors and be based on the distributable profits. Profit distribution policy shall be consistent and stable. (2) The Company can distribute dividends in cash or by stocks, while cash dividend should be considered first. The Company can make interim cash dividend distribution. (3) If the Company does not propose cash dividends distribution plan though it makes profits in the current year, the Company shall explain in details the reasons for not making profit distribution and the usage of the funds which would otherwise have been used for cash dividend distribution. (4) If circumstance exists that shareholders occupy the funds of the Company which is in violation of the regulations, the occupied amount should be deducted from the cash dividend. During the reporting period, the Company completed the profit distribution of year 2011.

(2) If the Company does not propose cash dividends distribution plan though it makes profits in the current year, the Company shall explain in details the reasons for not making profit distribution and the usage of the funds which would otherwise have been used for cash dividend distribution.

√ Not applicable

(3) Plan or proposed plan of profit distribution or capitalization of capital reserve in recent three years (inclusive of the reporting period)

In 2012, the Company plans to distribute cash dividends of RMB 6.00 (inclusive of tax) per 10 shares, amounting to RMB 6,615,339,977.40, based on total 11,025,566,629 shares. The Company will not capitalize capital reserve this year.

Unit: RMB

Year	Stock dividend per 10 shares (shares)	Cash dividend per 10 shares (RMB) (inclusive of tax)	Capital reserve transferred into share capital per 10 shares	Amount of cash dividend (inclusive of tax)	Net profit attributable to shareholders of the Company in consolidated financial statements for the year of dividend distribution	Proportion (%)
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			(share)			
2012		6		6,615,339,977.40	20,751,763,307.97	31.88
2011		3		3,307,669,988.70	20,221,866,457.55	16.36
2010		2		1,848,484,338.20	13,728,523,479.01 (before adjustment)	13.46

4. Fulfillment of social responsibilities

Work done related to social responsibilities:

Please refer to social responsibility report of the Company of year 2012 for details (published on SSE website: www.sse.com.cn).

Section V Important Events

1. Significant litigation or arbitration cases and events extensively questioned by media

There are no significant litigations or arbitration cases or events extensively questioned by media during the reporting period.

2. Funds occupation and settlement during the reporting period

√Not applicable

3. Events related to bankruptcy reorganization

There are no events related to bankruptcy reorganization during the reporting period.

4. Assets transaction and merger

(1) Acquisition of assets

√Not applicable

(2) Sale of assets

Counterpart or ultimate controlling shareholder	Assets sold	Date of the agreement	Consideration	Is it related party transaction? (if yes, state the pricing principle)	Has the title of property rights of related assets been transferred?	Have all the credits and debts been transferred?
General Motors China, Inc.	1% equity interest of Shanghai General Motors Co., Ltd.	Jun 11, 2012	USD 103,017,085	No	Yes	Yes

On May 24, 2012, "Proposal of Repurchasing 1% Equity Interest of Shanghai General Motors Co., Ltd." was approved by the 5th session of the Board of the Company on the 1st meeting. The Company made the related announcement on May 26, 2012. According to "Share Transfer Agreement" signed in 2009, the Company agreed General Motors China, Inc. ("GM China") to acquire 1% equity interest of Shanghai General Motors Co., Ltd. ("SGM") held by SAIC Motor HK Investment Ltd. ("SAIC HK") by cash. The consideration is USD 103,017,085, being total amount of transaction price of USD 91,401,219 and related interest income for the period from February 26, 2010 to payment date calculated at annual interest rate of 4.86%. After the transaction, one more director of SGM was designated by GM China and the board of directors designated by the Company and GM China was changed from 6:5 to 6:6. Shanghai Municipal Commission of Commerce approved the share transfer (Hu Shang Wai Zi Pi [2012] No. 2642) on August 8, 2012 and the change of registration was completed on August 16, 2012. SGM is no longer included in the scope of the Company's consolidated financial statements since September 1, 2012. Please refer to "Resolution of the 5th Session of the Board on the 1st meeting" (Temporary 2012 – 020) announced on May 26, 2012 and the Company's report of third quarter of 2012.

5. The Company's stock option incentive

√Not applicable

6. Significant related party transactions of the Company during the reporting period

There are no significant related party transactions of the Company during the reporting period.

7. Significant contracts and implementation

(1) Trusteeship, contracting and leasing

There are no events related to trusteeship, contracting and significant leasing during the reporting period.

(2) Guarantee

Unit: RMB '000

Guarantor	Guarantee	Amount of guarantee	Starting date of guarantee	Ending date of guarantee	Type of guarantee	Related parties guarantee or not
Shanghai Automobile Asset Management Co., Ltd.	Shanghai Anyo Energy Conservation Technology Co., Ltd.	50,000.00	April 25, 2012	April 24, 2013	Credit guarantee	No
Shanghai Automotive Industry Sales Co., Ltd.	Anji Leasing Co., Ltd.	100,000.00	September 29, 2012	September 28, 2013	Credit guarantee	No
Total amount of guarantee incurred during the reporting period (except guarantee provided for subsidiaries)						0
Total balance of guarantee at the end of the reporting period(A) (except guarantee provided for subsidiaries)						382,159.6
Guarantee provided for subsidiaries						
Total amount of guarantees provided for subsidiaries during the reporting period						150,000.0
Total balance of guarantees provided for subsidiaries at the end of the reporting period						565,609.5
Total amount of guarantees provided (including guarantee provided for subsidiaries)						
Total amount of guarantees provided (A and B)						947,769.1
Ratio of total amount of guarantee against net assets (%)						0.77
Including:						
Amount of guarantee provided for shareholders, actual controller and its related parties (C)						0
Direct or indirect debt guarantees provided for guaranteed parties whose asset-liability ratio exceeds 70% (D)						880,194.5
Amount of total amount exceeding 50% of net assets (E)						0
Total amount of guarantee above (C, D and E)						880,194.5

Note: Shanghai Automobile Asset Management Co., Ltd. and Shanghai Automotive Industry Sales Co., Ltd. are both wholly-owned subsidiaries of the Company. Included in the guarantee of RMB 947.7691 million in the table, except for guarantee of RMB 150 million incurred in the reporting period and guarantee of RMB 350 million granted to GMAC-SAIC Automotive Finance Co., Ltd. (no additional guarantee was granted in the reporting period), all guarantees were taken over from SAIC by the end of the year 2011 when the Company completed the assets acquisition through issuing shares to SAIC. Such guarantees were provided by SAIC to its invested companies (including guarantees provided by the subsidiaries of SAIC to its invested companies).

(3) Other significant contracts

There are no other significant contracts of the Company during the reporting period.

8. Implementation of commitments

1. Commitments made by the Company, controlling shareholders and actual controller during the reporting period or valid commitments made in prior periods

After the Company completed the issue of shares to Shanghai Automotive Industry Corporation (Group) ("SAIC") and Shanghai Automotive Industry Co., Ltd. ("SAIC Ltd") in year 2011, SAIC committed that it would not transfer the 1,448,736,163 shares acquired within 36 months and SAIC Ltd committed that it would not transfer the 334,408,775 shares acquired within 36 months. During the reporting period, SAIC and SAIC Ltd strictly kept the commitment. In the assets acquisition through issuing shares to SAIC and SAIC Ltd, the acquired investment properties of buildings and 35 underground parking spaces, which are located at No. 160 Puming Road (No. of Land Use Rights and Property Ownership Certificate: Hu Fang Di Pu Zi (2006) No. 052174) and 6.01% equity interest in GM Korea Company were evaluated using income approach. SAIC made commitment for compensation of differences between profits forecast used in valuation and actual profits from the above mentioned assets within three years after the completion of the transaction as follows:

(1) During the compensation period, the Company would engage professional organization with related qualification to issue special review opinion on the difference between actual profits and forecasted profits of related assets within 4 months after the year-end of each financial year. SAIC would compensate the Company if the actual profits of related assets were lower than the forecasted profits for any year during the compensation period based on the special review opinion.

(2) SAIC confirmed that it would compensate the Company by cash.

(3) SAIC confirmed that it would make the compensation within one month after the special review opinion was issued.

(4) Amount of compensation to be made by SAIC was calculated using the following formula:

Compensation for each year = Cumulative forecasted profits by the year – Cumulative actual profits by the year
"Cumulated forecasted net profits" is calculated based on the amounts listed in the following table:

Related assets / Year	2011	2012	2013
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6.01% equity interest in GM Korea Company (Unit: KRW '000,000)	1,773.63	1,091.46	764.04
Net profits from buildings and 35 underground parking spaces located at No. 160 Pu Ming Road under the ownership certificate of Hu Fang Di Pu Zi (2006) no. 052174 (Unit: RMB)	5,181,277.77	5,418,030.25	8,112,000.18

For details, please refer to announcement of "Assets Acquisition through Share Issue and Related Party Transaction (Revised Version)" published on SSE's website: www.sse.com.cn on September 15, 2011.

Cash compensation obligation was triggered because actual profits of the above assets were less than forecasted profits in 2012. Actual net profits in 2012, cumulative actual net profits by 2012 (i.e. total actual net profits in 2012 and 2011), cumulative forecasted net profits by 2012 (i.e. total forecasted net profits in 2012 and 2011) and cash compensations are listed below:

Related assets / Year	Actual net profits in 2012	Cumulative actual net profits by 2012	Cumulative forecasted net profits by 2012	Cash compensations
6.01% equity interest in GM Korea Company (Unit: KRW '000,000)	-6,495.61	1,033.48	2,865.09	1,831.61
Net profits from buildings and 35 underground parking spaces located at No. 160 Puming Road under the ownership certificate of Hu Fang Di Pu Zi (2006) no. 052174 (Unit: RMB) (Note)	4,598,420.76	9,833,059.25	10,599,308.02	766,248.77

Note: Actual net profits from the related assets in 2012 = Rental income (RMB 8,965,133.17) - Administrative expenses (RMB 2,739,559.52) - Insurance expenses (RMB 49,289.45) - Tax expenses (RMB 1,577,863.44).

SAIC should make compensation for the Company by KRW 1,831,610,000 regarding investment income from 6.01% equity interest in GM Korea Company. According to related agreement, the amount for compensation shall be translated to RMB applying the exchange rate of arithmetic average (i.e. average exchange rate during the whole year) of the opening and closing exchange rates of current period published on the website of Bank of China, i.e. KRW 1.00 = RMB 0.005672. Therefore, KRW 1,831,610,000 is translated to RMB 10,388,891.92. SAIC should also make compensation for the Company by RMB 766,248.77 regarding buildings and underground parking spaces located at Puming Road. Total amount of compensation is RMB 11,155,140.69. Deloitte Touche Tohmatsu Certified Public Accountants LLP, accounting firm of the Company, issued "Agreed-upon Procedures Report" (De Shi Bao (Shang) Zi (13) No.A0009) for verification of the relevant data. SAIC committed to make compensation for the Company within one month after "Agreed-upon Procedures Report" was issued. The compensation will be recorded in capital reserve of the Company in 2013, which has no effect on the profits of year 2012 and 2013.

9. The appointment and dismissal of the accounting firm

On the annual general meeting of shareholders held on May 24, 2012, renewal of the engagement of Deloitte Touche Tohmatsu Certified Public Accountants Ltd. (renamed as Deloitte Touche Tohmatsu Certified Public Accountants LLP) as the auditor for year 2012 was approved.

	Engagement for 2012
Name of domestic accounting firm	Deloitte Touche Tohmatsu Certified Public Accountants LLP
Remuneration of domestic accounting firm	RMB 7.85 million
Years of service provided by domestic accounting firm	7 years

	Name	Audit fee
Accounting firm for internal control audit	Deloitte Touche Tohmatsu Certified Public Accountants LLP	RMB 1.80 million

10. Punishment and rectification received by the Company, the Board or the directors

During the reporting period, the Company, the Board and directors don't receive any inspections, government punishment, notice of criticism from CSRC or public condemn from SSE.

11. Other important events

There are no other important events of the Company during current period.

Section VI Share Capital Changes and Information of Shareholders

1. Share capital changes

(1) Changes of shares

Unit: Shares

Changes of shares	Before the change		Changes during the year(+,-)					After the change	
	Number	Proportion (%)	Issue of new shares	Stock dividend	Capitalization of capital reserve	Others	Subtotal	Number	Proportion (%)
I. Restricted shares									
1. Shares held by the state									
2. Shares held by state-owned legal person	1,855,242,992	16.83						1,855,242,992	16.83
3. Other domestic shares	0	0						0	0
Including:									
Shares held by domestic legal person									
Shares held by domestic natural person									
4. Foreign-owned shares									
Including:									
Shares held by foreign legal person									
Shares held by foreign natural person									
II. Non-restricted shares									
1. Ordinary shares in RMB	9,170,323,637	83.17						9,170,323,637	83.17
2. Domestic listed shares in foreign currency									
3. Overseas listed shares in foreign currency									
4. Others									
III. Total shares	11,025,566,629	100						11,025,566,629	100

(2) Changes of restricted shares

Unit: Shares

Name of shareholder	Number of restricted shares at the beginning of the year	Restricted shares released for trading during the year	Increase of restricted shares during the year	Number of restricted shares at the end of the year	Reason for restriction	Date of release from restriction
Shanghai Automotive Industry Corporation (Group)	1,520,834,217	0	0	1,520,834,217	Non-public issue	December 10, 2013 December 27, 2014
Shanghai Automotive Industry Co., Ltd.	334,408,775	0	0	334,408,775	Non-public issue	December 27, 2014
Total	1,855,242,992	0	0	1,855,242,992		

2. Shares issuing and listing

(1) Issue of shares during the past three years

Type of shares	Issue date	Issue price	Shares issued	Date of release from restriction	Shares for trading
Domestic listed shares in RMB	December 3, 2010	RMB 13.87 per share	720,980,533 shares	December 10, 2011 December 10, 2013	720,980,533 shares
Domestic listed shares in RMB	December 27, 2011	RMB 16.33 per share	1,783,144,938 shares	December 27, 2014	1,783,144,938 shares

(2) Changes of total shares and shareholders' structure and change of structure of assets and liabilities of the Company
There are no changes of total shares or share structure resulting from shares dividends or share allotment during the reporting period.

(3) Existing employee shares

The Company has no existing employee shares.

3. Shareholders and actual controller

Number of shareholders and their shareholdings

Unit: Shares

Number of shareholders and their shareholdings				Unit: Shares			
Number of shareholders at the end of the reporting period				129,113 shareholders			
Number of shareholders fifth trading day prior to the announcement of the annual report				145,231 shareholders			
Top ten shareholders							
Name of shareholders		Nature of shareholder s	Proportion (%)	Number of shares held	Increase/decrease during the reporting period	Number of restricted shares hold	Number of shares pledged or frozen
Shanghai Automotive Industry Corporation (Group)		State-owned legal person	74.30	8,191,449,931	0	1,520,834,217	None

Yuejin Motor (Group) Corporation	State-owned legal person	3.75	413,919,141	-54,479,439	None	Unknown
Shanghai Automotive Industry Co., Ltd.	State-owned legal person	3.03	334,408,775	0	334,408,775	None
Shuangyashan Runke Industrial Co., Ltd.	unknown	0.86	95,191,059	0	None	Unknown
UBS AG	unknown	0.68	74,475,118	49,640,426	None	Unknown
China Construction Bank - Bosera industry security investment fund	unknown	0.47	52,204,954	-11,794,775	None	Unknown
National Social Security Fund Portfolio 108	unknown	0.45	49,189,076	-1,883,310	None	Unknown
National Social Security Fund Portfolio 103	unknown	0.39	43,504,639	-2,095,040	None	Unknown
Guo Hua Life Insurance Co., Ltd. – own capital	unknown	0.34	37,530,729	-35,516,855	None	Unknown
Bank of communications – Hua'an strategy preferred stock security investment fund	unknown	0.27	30,000,000	4,388,759	None	Unknown

Top ten shareholders of non-restricted shares		
Name of shareholders	Number of non-restricted shares held	Type of shares
Shanghai Automotive Industry Corporation (Group)	6,670,615,714	Ordinary shares in RMB
Yuejin Motor (Group) Corporation	413,919,141	Ordinary shares in RMB
Shuangyashan Runke Industrial Co., Ltd.	95,191,059	Ordinary shares in RMB
UBS AG	74,475,118	Ordinary shares in RMB
China Construction Bank-Bosera theme industry security investment fund	52,204,954	Ordinary shares in RMB
National Social Security Fund Portfolio 108	49,189,076	Ordinary shares in RMB
National Social Security Fund Portfolio 103	43,504,639	Ordinary shares in RMB
Guo Hua Life Insurance Co., Ltd. – own capital	37,530,729	Ordinary shares in RMB
Bank of communications – Huaan strategy preferred stock security investment fund	30,000,000	Ordinary shares in RMB
Youngor Group Co., Ltd.	29,350,000	Ordinary shares in RMB
Description of the related relationship or concerted action among the above shareholders		Bosera Theme Industry Security Investment Fund, National Social Security Fund Portfolio 108 and National Social Security Fund Portfolio 103 are owned by Bosera Fund Management Co., Ltd.

No.	Name of shareholders of restricted shares	Number of restricted shares held (Shares)	Trading information		Condition of restriction
			Date of release for trading	Number of shares released for trading	
1	Shanghai Automotive Industry Corporation (Group)	1,520,834,217	December 10, 2013 December 27, 2014		72,098,054 shares are not available for trading until December 10, 2013; 1,448,736,163 shares are not available for trading until December 27, 2014.
2	Shanghai Automotive Industry Co., Ltd.	334,408,775	December 27, 2014		The shares are not available for trading until December 27, 2014.
Description of the related relationship or concerted action among the above shareholders		Shanghai Automotive Industry Co., Ltd. is a wholly owned subsidiary of Shanghai Automotive Industry Corporation (Group).			

4. Controlling shareholder and actual controller

(1) Corporate controlling shareholder

Name	Shanghai Automotive Industry Corporation (Group)
Legal representative	Mr. Hu Maoyuan
Date of establishment	March 1, 1996
Organization code	13222217-4
Registered capital	RMB 21,599,175,737
Business scope	Manufacturing, development, sales and investment of automobiles, motorcycles and tractors, operation and management of state-owned assets under authorization, domestic trading (except for special provisions) and advisory services.
Result of operation	Operating income of year 2011: RMB 435.6 billion (consolidated); Net profit attributable to the shareholder of the Company: RMB 13.3 billion (consolidated)
Financial position	Total asset at the end of year 2011: RMB 324.6 billion (consolidated); Shareholders' equity attributable to the shareholder of the Company: RMB 79.6 billion (consolidated)
Cash flow and future development strategies	Cash and cash equivalents balance at the end of year 2011: RMB 0.5 billion (entity level)
Investment in domestic or foreign listed companies during the reporting period	None

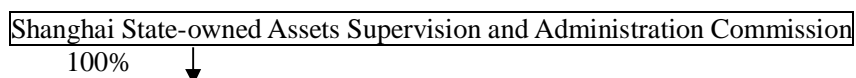
(2) Corporate actual controller

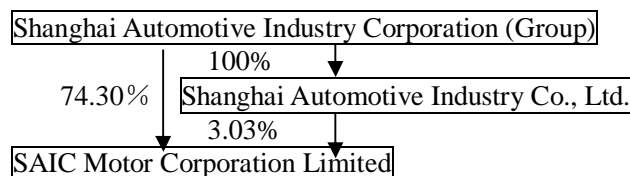
① Name of actual controller: Shanghai State-owned Assets Supervision and Administration Commission

② Change of controlling shareholder and actual controller

There was no change of controlling shareholder or actual controller during the reporting period.

③ The block diagram of controlling relationship and ownership between the Company and the actual controller





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

As of the end of the reporting period, the Company has no other corporate shareholders holding more than 10% shares of the Company.

Section VII Directors, Supervisors and Senior Management

1. Ownership and remuneration of directors, supervisors and senior management in incumbent and outgoing in the reporting period

(1) Ownership and remuneration of directors, supervisors and senior management in incumbent

Unit: Shares or RMB

Name	Position	Gender	Age	Term in the office	Shares held at the beginning of the year	Shares held at the end of the year	Increase /decrease of number of shares held	Reason for the change	Remuneration received from the reporting period (RMB '000)	Remuneration received at the shareholder's unit or other related units
Hu Maoyuan	Chairman of the Board	Male	61	From 5/24/2012 to 5/23/2015	40,763	40,763			1008.00	0
Chen Hong	Vice chairman, President	Male	51	From 5/24/2012 to 5/23/2015	8,380	8,380			1368.00	0
Shen Jianhua	Vice president	Male	59	From 5/24/2012 to 5/23/2015					1326.60	0
Yu Zhuoping	Director	Male	52	From 5/24/2012 to 5/23/2015					0	0
Xie Rong	Director	Male	60	From 5/24/2012 to 5/23/2015					0	0
Li Jirong	Employee representative director	Male	58	From 5/24/2012 to 5/23/2015	24,911	24,911			999.00	0
Zhou Qinye	Independent director	Male	60	From 5/24/2012 to 5/23/2015					66.70	0
Wang Fanghua	Independent director	Male	65	From 5/24/2012 to 5/23/2015					66.70	0
Yu Yinghui	Independent director	Male	64	From 5/24/2012 to 5/23/2015					66.70	0
Jiang Yingshi	Chairman of board of supervisors	Male	63	From 5/24/2012 to 5/23/2015					0	0
Xue Jian	Vice chairman of board of supervisors	Male	59	From 5/24/2012 to 5/23/2015					999.00	0
Liu Jiande	Supervisor	Male	59	From 5/24/2012 to 5/23/2015					0	0
Ma Longying	Employee representative supervisor	Male	51	From 5/24/2012 to 5/23/2015					785.00	0
Zhu Xian	Employee representative supervisor	Male	58	From 5/24/2012 to 5/23/2015					785.00	0
Chen Zhixin	Executive vice president	Male	53	From 5/24/2012 to 5/23/2015					1121.40	0
Xiao Guopu	Vice president	Male	59	From 5/24/2012 to 5/23/2015					1080.00	0
Zhou Langhui	Vice president	Male	41	From 5/24/2012 to 5/23/2015					999.00	0
Ye Yongming	Vice president	Male	49	From 5/24/2012 to 5/23/2015					999.00	0
Yu Jianwei	Vice president	Male	52	From 5/24/2012 to 5/23/2015					0	0
Zhu Genlin	Vice president	Male	57	From 5/24/2012 to 5/23/2015					999.00	0
Gu Feng	Chief financial officer	Male	40	From 5/24/2012 to 5/23/2015					930.60	0
Wu Lei	Vice president	Male	35	From 5/24/2012 to 5/23/2015					930.60	0
Chen Demei	Vice president	Male	50	From 5/24/2012 to 5/23/2015					930.60	0
Wang Jianzhang	Secretary to the Board	Female	43	From 5/24/2012 to 5/23/2015					785.00	0
Total					74,054	74,054			16245.90	

Major working experience of directors, supervisors and senior management in incumbent during the past 5 years:

Mr. Hu Maoyuan: He served as president and vice secretary of Party Committee of Shanghai Automotive Industry Corporation (Group), as president and vice secretary of Party Committee of Shanghai Automotive Industry Corporation (Group) and chairman of the Board and secretary of Party Committee of SAIC Motor Corporation Limited, board chairman and secretary of Party Committee of Shanghai Automotive Industry Corporation (Group) and chairman and secretary of Party Committee of SAIC Motor Corporation Limited. He is currently the chairman of the Board and secretary of Party Committee of SAIC Motor Corporation Limited.

Mr. Chen Hong: He served as vice president of Shanghai Automotive Industry Corporation (Group) and general manager of Shanghai General Motors Co., Ltd. concurrently, president and vice secretary of Party Committee of SAIC Motor Corporation Limited, vice board chairman and vice secretary of Party Committee of Shanghai Automotive Industry Corporation (Group) and vice chairman of the Board, president and vice secretary of Party Committee of SAIC Motor Corporation Limited. He is currently the vice chairman of the Board, president and vice secretary of Party Committee of SAIC Motor Corporation Limited.

Mr. Shen Jianhua: He served as vice president of Shanghai Automotive Industry Corporation (Group), vice president of SAIC Motor Corporation Limited and chairman of the board of spare part business, president and vice secretary of Party Committee of Shanghai Automotive Industry Corporation (Group). He is currently the vice chairman of the Board and vice secretary of Party Committee of SAIC Motor Corporation Limited.

Mr. Yu Zhuoping: He served as teacher of department of mechanical engineering of Tongji University, teacher, deputy director and director of department of automobile engineering of Tongji University and executive deputy director of new energy automobile engineering center, executive deputy dean and dean of automobile college of Tongji University. He is currently the director of SAIC Motor Corporation Limited, assistant to the president and dean of automobile college of Tongji University.

Mr. Xierong: He served as lecturer, vice professor, professor, doctoral tutor and vice dean of Accounting Department of Shanghai University of Finance and Economics and partner of KPMG. He is currently director of SAIC Motor Corporation Limited and professor of Shanghai National Accounting Institute.

Mr. Li Jirong: He served as secretary of Youth League Committee, deputy division chief of publicity section and deputy division chief of educational section of Shanghai Automobile Tractor Industry Associate Corporation, deputy division chief of educational section of Shanghai Automotive Industry Corporation, manager of administrative affairs of Shanghai Chengfu Power Generating Machine Company, factory director of Shanghai Clutch Factory, general manager of Shanghai Tractor & Internal Combustion Engine Corporation Limited, vice secretary of Party Committee, chairman of labor union, vice president of Shanghai Automotive Industry Corporation (Group) and general manager, secretary of Party Committee and vice president of SAIC Motor (Beijing) Corporation Limited. He is currently employee representative director and chairman of labor union of SAIC Motor Corporation Limited.

Mr. Zhou Qinye: He served as vice general manager and chief accountant of Shanghai Stock Exchange. He is currently independent director of SAIC Motor Corporation Limited, member of China Accounting Standards Committee, syndic of The Chinese Institute of Certified Public Accountants, member of Auditing Standards Committee of the Chinese Institute of Certified Public Accountants, doctoral tutor of Fudan University, part-time professor of Xiamen University and Shanghai University of Finance and Economics.

Mr. Wang Fanghua: He served as director of industrial economy teaching and research section of college of management, assistant to dean of college of management and director of department of business management of Fudan University, vice dean and general vice dean of college of management, dean of Antai College of Economics & Management of Shanghai Jiao Tong University. He is currently independent director of SAIC Motor Corporation Limited and president special adviser of Shanghai Jiao Tong University.

Mr. Yu Yinghui: He served as deputy section chief, chief of program credit section, deputy division chief of investigation and statistics section of Xinjiang branch, vice president of Urumchi branch, vice bureau chief of financial research institute of Shanghai branch, division chief of monetary gold and silver office, vice director of financial services No.1 department of Shanghai Branch of the People's Bank of China. He is currently independent director of SAIC Motor Corporation Limited.

Mr. Jiang Yingshi: He served as vice factory director of Shanghai Renmin Electric Machine Works, office administrator of Shanghai Economic Committee, vice director of Shanghai Chemical Industry Bureau, vice president of Shanghai Chemical Holdings Corporation (Group) and chairman of the board of Shanghai Tyre & Rubber Corporation Limited concurrently, vice president of Shanghai Huayi (Group) Company and chairman of the board of Shanghai Tyre & Rubber Corporation Limited concurrently, deputy director of Shanghai Planning Commission, deputy director of Shanghai Development Planning Commission and deputy director of Shanghai Foreign Investment Commission, secretary of the Party's group and director of Shanghai Development and Reform Commission. He is currently chairman

of board of supervisors of SAIC Motor Corporation Limited, Shanghai Electric Corporation (Group), Shanghai Airport (Group) Corporation Limited.

Mr. Xue Jian: He served as deputy division chief of publicity section, deputy director and director of Party Committee Office of Shanghai Automotive Industry Corporation, director of Party Committee Office and director of Office of the Board of Trustees of Shanghai Automotive Industry Corporation (Group), secretary of Party Committee, secretary of Committee for Discipline Inspection and chairman of labor union of SAIC Motor Corporation Limited, minister of department of organized cadres, secretary of Party Committee of Headquarters of SAIC Motor Corporation Limited, minister of department of organized cadres, secretary of Party Committee of Headquarters of Shanghai Automotive Industry Corporation (Group) and minister of department of organized cadres of SAIC Motor Corporation Limited, vice secretary of Party Committee and secretary of Party Committee of Headquarters of Shanghai Automotive Industry Corporation (Group) concurrently. He is currently vice chairman of board of supervisors, vice secretary of Party Committee, secretary of Committee for Discipline Inspection and secretary of Party Committee of Headquarters of SAIC Motor Corporation Limited concurrently.

Mr. Liu Jiande: He served as deputy division chief of contract section, deputy division chief of legal section, division chief of contract section and division chief of legal section of Shanghai Administration of Industry and Commerce. He is currently the full-time supervisor of SAIC Motor Corporation Limited, Shanghai Electric Corporation (Group), Shanghai Airport (Group) Corporation Limited.

Mr. Ma Longying: He served as vice secretary of Party Committee of Shanghai Clutch Factory, secretary of Party Committee, secretary of Committee for Discipline Inspection, chairman of labor union of Shanghai Automotive Break Systems Corporation Limited, vice chairman of labor union of Shanghai Automotive Industry Corporation (Group), vice chairman of labor union of SAIC Motor Corporation Limited. He is currently the employee representative supervisor and vice chairman of labor union of SAIC Motor Corporation Limited.

Mr. Zhu Xian: He served as vice financial controller of Financial Department of Shanghai General Motors Co., Ltd., vice general manager of SAIC Asset Management Co., Ltd. and vice president of SsangYong Motor Company. He is currently the employee representative supervisor and head of Internal Audit Office of SAIC Motor Corporation Limited.

Mr. Chen Zhixin: He served as vice president of Shanghai Automotive Industry Corporation (Group) and general manager of Shanghai Volkswagen Automotive Co., Ltd. concurrently, vice president of SAIC Motor and general manager of Shanghai Volkswagen Automotive Co., Ltd. and SAIC-Volkswagen Sales Co., Ltd. concurrently, executive vice president of SAIC Motor and general manager of Nanjing Automobile (Group) Corporation concurrently. He is currently director, executive vice president of SAIC Motor and general manager of passenger vehicle branch concurrently.

Mr. Xiao Guopu: He served as general manager of Shanghai Automotive Industry Sales Co., Ltd., general manager and vice secretary of Party Committee of SAIC-Volkswagen Sales Co., Ltd., vice president of Shanghai Automotive Industry Corporation (Group) and vice president of SAIC Motor Corporation Limited. He is currently vice president of SAIC Motor Corporation and general manager of Commercial Vehicle Business Division concurrently.

Mr. Zhou Langhui: He served as secretary of League Committee, director of Organization & Cadre Department, vice secretary of Party Committee, secretary of Discipline Inspection Commission and director of Organization & Cadre Department concurrently of Shanghai Automotive Industry Corporation (Group) and vice secretary of Party Committee, secretary of Discipline Inspection Commission and secretary of Party Committee of SAIC Motor Corporation Limited, general manager of Shanghai Kolbenschmidt Piston Co., Ltd., vice president and director of Human Resources Department of SAIC Motor Corporation. He is currently vice president of SAIC Motor Corporation Limited.

Mr. Ye Yongming: He served as executive manager of Shanghai Volkswagen Automotive Co., Ltd., general manager of Shanghai Volkswagen Automotive Sales Co., Ltd., vice president and general manager of Automotive Service and Trading Business of Shanghai Automotive Industry Corporation (Group). He is currently vice president of SAIC Motor Corporation Limited and general manager of Shanghai General Motors Co., Ltd. concurrently.

Mr. Yu Jianwei: He served as general manager and vice secretary of Party Committee of Yuejin Motor (Group) Corporation, general manager and vice secretary of Party Committee of Nanjing Automobile (Group) Corporation concurrently, secretary of Party Committee and executive deputy general manager of Nanjing Automobile (Group) Corporation concurrently. He is currently vice president of SAIC Motor Corporation and secretary of Party Committee of Nanjing Automobile (Group) Corporation concurrently.

Mr. Zhu Genlin: He has served as manager of Planning Department and Fund Investment Management Department of Shanghai International Trust & Investment Corporation and general manager of Shanghai Investment Management Co., Ltd. concurrently, general manager and secretary of Party general branch of SAIC Finance Co., Ltd., vice general

accountant of Shanghai Automotive Industry Corporation (Group) and general manager, secretary of Party general branch and financial controller of SAIC Group Finance Co., Ltd. and general manager, secretary of Party general branch and financial controller of SAIC Group Finance Co., Ltd. and general manager, financial controller, financial controller and financial manager, financial controller of Shanghai Automotive Group (Beijing) Co., Ltd. and general manager, secretary of Party Committee and vice president of Shanghai Automotive Group (Beijing) Co., Ltd. and general manager and secretary of Party Committee of Shanghai Automotive Group (Beijing) Co., Ltd. concurrently and supervisor of SAIC Motor Corporation. He is currently vice president of SAIC Motor Corporation and general manager and secretary of Party Committee of Shanghai Automotive Group (Beijing) Co., Ltd. concurrently.

Mr. Gu Feng: He served as vice manager of Financial Department of Shanghai Automotive Industry Corporation (Group), vice manager of Financial Department, executive director of Capital Operation Department of SAIC Motor Corporation Limited, chief financial officer and executive director of Capital Operation Department of SAIC Motor Corporation Limited concurrently. He is currently chief financial officer of SAIC Motor Corporation Limited.

Mr. Wu Lei: He served as vice general of Shanghai Huizhong Automobile Manufacturing Corporation Limited, assistant to the chairman of the board of SAIC Motor Corporation Limited, vice general manager of Volkswagen Transmission (Shanghai) Corporation Limited, executive officer of financial department, chief financial officer and executive officer of financial department of Shanghai Automotive Industry Corporation (Group) concurrently. He is currently the vice president of SAIC Motor Corporation Limited.

Mr. Chen Demei: He served as deputy manager and manager of Economic Operation Department of Shanghai Automotive Industry Corporation (Group), manager of Economic Operation Department, manager of Quality & Economic Operation Department of SAIC Motor Corporation Limited, executive director of Quality & Economic Operation Department of Shanghai Automotive Industry Corporation (Group), vice chief economic engineer of SAIC Motor Corporation Limited, general manager of Shanghai Huizhong Automobile Manufacturing Corporation Limited and general manager of Shanghai Wanzhong Auto Parts Manufacturing Corporation Limited, vice president of Shanghai Automotive Industry Corporation (Group) and general manager of automobile trade in services business department concurrently. He is currently vice president of SAIC Motor Corporation Limited.

Ms. Wang Jianzhang: She served as deputy manager of International Cooperation Department of Shanghai Automotive Industry Corporation (Group), secretary of Party Committee and chairman of Trade Union of Pan Asia Technical Automotive Center Co., Ltd., director of Strategy Committee of SAIC Motor Corporation Limited, vice director of Office of Board of Directors of Shanghai Automotive Industry Corporation (Group), secretary to the Board and director of Office of Board of Directors of SAIC Motor Corporation Limited. She is currently secretary to the Board and executive director of Risk Management Department of SAIC Motor Corporation Limited.

(2) Ownership and remuneration of directors, supervisors and senior management outgoing in the reporting period

Unit: RMB

Name	Position	Gender	Age	Term in the office	Shares held at the beginning of the year	Shares held at the end of the year	Increase /decrease of number of shares held	Reason for the change	Remuneration received from the reporting period (RMB '000)	Remuneration received at the shareholder's unit or other related units
Chen Zhixin	Director	Male	53	From 6/17/2008 to 5/23/2012					1121.40	0
Wu Shizhong	Employee representative director	Male	61	From 6/17/2008 to 1/15/2012					620.40	0
Ji Xiaohui	Director	Male	57	From 6/17/2008 to 5/23/2012					0	0
Lin Zhongqin	Independent director	Male	55	From 6/17/2008 to 5/23/2012					25.00	0
You Jianxin	Independent director	Male	51	From 6/17/2008 to 5/23/2012					25.00	0
Shao Ruiqing	Independent director	Male	55	From 6/17/2008 to 5/23/2012					25.00	0
Fu Changlu	Independent director	Male	64	From 3/25/2011 to 5/23/2012					25.00	0
Ye Yanzhang	Convener of board of supervisors	Male	64	From 6/17/2008 to 5/23/2012					310.20	0
Zhu Genlin	Supervisor	Male	57	From 6/17/2008 to 5/23/2012					999.00	0
Total									3151.00	0

2. Information of directors, supervisors and senior management in incumbent and outgoing in the reporting period

(1) Information of positions held in shareholders' entities

There are no directors, supervisors and senior management in incumbent and outgoing during the reporting period holding positions in shareholders' entities.

(2) Information of positions held in other entities

Name	Name of other entity	Position held	Starting date of term	Ending date of term
Hu Maoyuan	HUAYU Automotive Systems Co., Ltd.	Board chairman	2009-4-20	2012-5-24
Chen Hong	HUAYU Automotive Systems Co., Ltd.	Board chairman	2012-5-25	2015-5-24

6. Information of the Company's employees

By the end of the reporting period, the Company had 6,146 incumbent employees and 650 retirees whose costs were borne by the Company.

(1) Composition of employees by specialization

Areas of specialization	Headcounts (persons)
Production personnel	1,071
Marketing and sales personnel	318
Engineering technical personnel	3,665
Finance and auditing personnel	141
Administrative personnel	433
Others	518

(2) Composition of employees by education level

Education level	Headcounts (persons)
Postgraduate or above	1,644
University graduate	2,893
College diploma	917
Secondary school diploma or below	692

(3) Remuneration policy

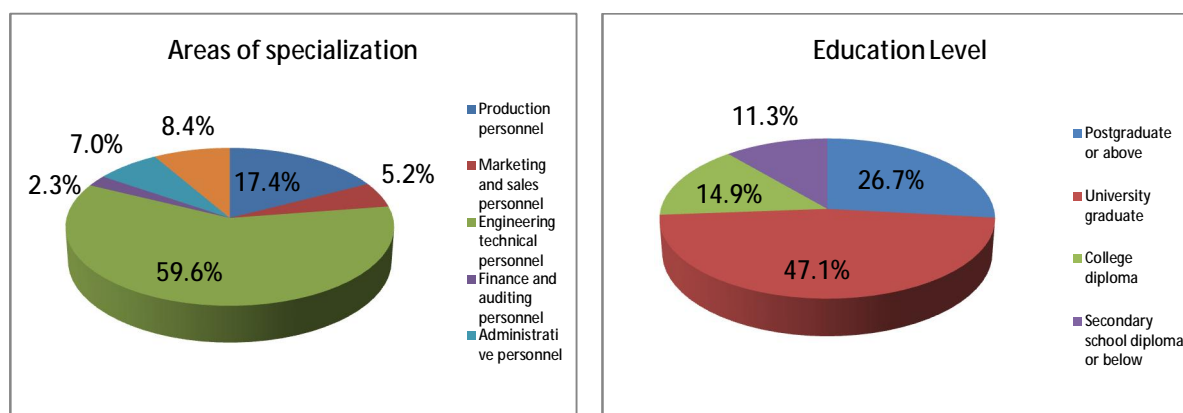
The Company complies with relevant national laws and regulations strictly by establishing remuneration and welfare system, paying employees remuneration in full on a periodic basis and contributing to employee social insurance schemes. In the meantime, the Company has established salary growth mechanism,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

The Company has developed the construction of collective negotiation and collective contract system actively, approved salary and welfare system and salary adjustment program, and signed special collective contract of salary to protect legal rights and interests of employees.

(4) Training plan

During the reporting period, the Company made medium and long-term talent development program, carried forward education and training of employees vigorously, and great progress in developing three types of talents, i.e. senior management personnel, senior professional and technical personnel and senior skilled personnel, aiming to enhance the core competitiveness and international operation capability of the Company. In 2012, the Company won the award of "7th Shanghai Outstanding Contribution to Skilled Talent Development".

(5) Statistic chart of specialization and education level



Section VIII Corporate Governance

During the reporting period, pursuant to laws and regulations including "Corporate Law", "Securities Law", "Code of Corporate Governance for Listed Companies", "Articles of Association" and regulation and requirements of CSRC, Shanghai Securities Regulatory Bureau and SSE, the Company has improved the compliance, strengthened scientific governance, continuously revised and improved various systems of corporate governance, performed the duty of

information disclosure actively and strictly and improved the quality of corporate governance constantly.

1. Corporate governance and related information

(1) Shareholders and general meeting of shareholders

During the reporting period, the Company strictly followed the relevant provisions of "Code of Corporate Governance for Listed Companies", "Articles of Association" and "Rules of Procedure for General Meeting of Shareholders" to convene general meetings of shareholders and to ensure that all shareholders have equal status and rights. At the same time, the Company commissioned an attorney to attend general meetings of shareholders to witness and verify meeting procedures, matters for deliberation and the identification of the attendants to ensure the validity of the general meetings of shareholders and the equal status and rights of all shareholders to exercise their rights. The Company held one annual general meeting of shareholders in year 2012 which reviewed and approved the Company's annual report of year 2011, re-election of board of directors and board of supervisors, revision of articles of association, incentive fund plan, appointment of accounting firm and external guarantee, etc., which ensured the effective protection for the rights and interests of the public shareholders.

(2) Directors and board of directors

The composition and the number of members of the board of directors follow the regulation of the law and "Code of Corporate Governance for Listed Companies". The Company has 9 directors, including 3 independent directors. To ensure that the Company makes scientific decision on significant operating matters, the board of directors effectively utilizes various specialized committees in deliberating on significant matters in advance and studying the plans. During the reporting period, the board of directors held 8 board meetings, 3 strategy committee meetings, 5 audit committee meetings and 4 nomination, remuneration and appraisal committee meetings. The specialized committees played important roles in decision making of significant matters including developing the Company's strategy, reviewing periodic financial reports, drawing up incentive plan and improving internal control system.

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

(3) Supervisors and board of supervisors

The Company's board of supervisors and supervisors have earnestly performed the supervisory and examination responsibilities endowed by the general meeting of shareholders in a spirit of being highly responsible for all the shareholders according to the provisions of the "Articles of Association" and "Rules of Procedure for the Board of Supervisors" and implemented effective supervision on the Company's operating, financial and duty-performing of directors and senior management. During the reporting period, the board of supervisors held 5 meetings for reviewing and supervising the Company's periodic reports, revision of rules of procedures, internal control construction and use of raised-funds, etc. No circumstances of violation of laws and regulations or damage of the interests of the Company or shareholders were found.

(4) Corporate governance system

During the reporting period, the Company revised "Articles of Association", "Rules of Procedure for the Board of Directors" and "Rules of Procedure for the Board of Supervisors and Detailed Rules for the President". The Company executed "Insider Recording and Management System (Draft)" and carried out management work for insiders including training and recording, which has protected the principles of fairness of information disclosure.

(5) Performance evaluation, incentive and restraining policies

The Company has selected managerial personnel according to the principle of ability and integrity, equality and fairness and implemented tenure system. In the meantime, the Company has established a performance evaluation and remuneration system which links remuneration of management with the Company's operating performance and individual's performance. In 2012, to further attract and stabilize core talents team, including middle and senior management and core personnel, the Board approved "Company Incentive Fund Plan". According to such plan, cash bonus will be paid to middle and senior management and employees who make significant contribution to the development of the Company.

(6) Interested parties

The Company fully respects and safeguards the legitimate rights and interests of the interested parties, balances the interests of shareholders, employees and the society, and promotes sustainable and healthy development of the Company. Please refer to Social Responsibility Report of the Company for 2012 (website of SSE: www.sse.com.cn).

(7) Information disclosure and transparency

During the reporting period, the Company took initiative to work on investors' relationship in accordance with the requirements as set forth in "Investors Relationship Management System" and "Information Disclosure Management System". During 2012, the Company received 139 investment agents' visits, 783 individual investors' visits and 582 enquiry calls. In addition, 2 meetings for communication of financial performance were organized to facilitate investors' understanding of the Company's operating results timely and accurately.

During the reporting period, the Company disclosed 4 periodic reports, made 54 temporary announcements, and made no announcement for amendment, so that the investors could be informed of the true status of the Company on a timely, fair, accurate and comprehensive basis.

2. General meeting of shareholders

Session	Date	Name of proposal	Result of decision	Website where decision is published	Date of disclosure
General meeting of shareholders in Year 2011	May 24, 2012	1. "Work Report of the Board of Year 2011" 2. "Work Report of the Board of Supervisors of Year 2011" 3. "Incumbents Report of Independent Directors of Year 2011" 4. "Profit Distribution Plans of Year 2011" 5. "Financial Statements of Year 2011" 6. "Annual Report and Annual Report Abstract of Year 2011" 7. "The Proposal of Provision of Guarantee to GMAC-SAIC Automotive Finance Co., Ltd." 8. "The Proposal of Provision of Guarantee to Anji Leasing Co., Ltd. by Shanghai Automotive Industry Sales Co., Ltd." 9. "The Proposal of Re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as Auditor of the Company" 10. "The Proposal of Re-appointment of Deloitte Touche Tohmatsu Certified Public Accountants LLP as Internal Control Auditor of the Company" 11. "The Proposal of Directors' Participation in Incentive Fund Plan of the Company" 12. "The Proposal of Adjusting Annual Remuneration of Independent Directors" 13. "The Proposal of Board Re-election" 14. "The Proposal of Board of Supervisors Re-election" 15. "The Proposal of Modifying Articles of Association of the Company" 16. "The Proposal of Modifying Rules of Procedures of General Meeting of Shareholders of the Company" 17. "The Proposal of Modifying Rules of Procedures of Board Directors of the Company" 18. "The Proposal of Modifying Rules of Procedures for the Board of Supervisors of the Company"	Approved	Website of SSE http://www.sse.com.cn	May 25, 2012

III. Performance of directors

(1) Attendance of directors in the 4th Board meetings

Name of director	Independent director (yes or no)	Attendance of directors in board meetings						Attendance of directors in general meeting of shareholders
		Number of board meetings for attendance(Times)	Attended in person (Times)	Attended via communication tools (Times)	Attended by delegation(Times)	Absence (Times)	Absence twice consecutively (yes or no)	Number of attendance in general meeting of shareholders
Hu Maoyuan	No	4	3	2	1	0	No	1
Chen Hong	No	4	4	2	0	0	No	1
Ji Xiaohui	No	4	4	2	0	0	No	0
Shen Jianhua	No	4	4	2	0	0	No	1
Xie Rong	No	4	4	2	0	0	No	1
Chen Zhixin	No	4	4	2	0	0	No	0
Wu Shizhong	No	0	0	0	0	0	No	0
Li Jirong	No	4	4	2	0	0	No	1
Lin Zhongqin	Yes	4	4	2	0	0	No	0
You Jianxin	Yes	4	3	2	1	0	No	0
Shao Ruiqing	Yes	4	4	2	0	0	No	0
Fu Changlu	Yes	4	4	2	0	0	No	1

Note: On January 16, 2012, Mr. Li Jirong was elected as employee representative director on the 15th Joint Conference of the 2nd Congress of Workers, and Mr. Wu Shizhong is no longer the employee representative director of the Company.

(2) Attendance of directors in the 5th Board meetings

Name of director	Independent director (yes or no)	Attendance of directors in board meetings						Attendance of directors in general meeting of shareholders
		Number of board meetings for attendance(Times)	Attended in person (Times)	Attended via communication tools (Times)	Attended by delegation(Times)	Absence (Times)	Absence twice consecutively (yes or no)	Number of attendance in general meeting of shareholders
Hu Maoyuan	No	4	4	1	0	0	No	--
Chen Hong	No	4	3	1	1	0	No	--
Shen Jianhua	No	4	4	1	0	0	No	--
Yu Zhuoping	No	4	4	1	0	0	No	--
Xie Rong	No	4	3	1	1	0	No	--
Li Jirong	No	4	2	1	2	0	No	--
Zhou Qingye	Yes	4	4	1	0	0	No	--
Wang Fanghua	Yes	4	4	1	0	0	No	--
Yu Yinghui	Yes	4	4	1	0	0	No	--

Number of meetings of the Board	8
Including: Number of on-site meetings	5
Number of meetings via communication tools	3
Number of meetings on-site and via communication tools simultaneously	0

(3) Circumstance where independent directors raised different opinions

No circumstance existed where independent directors raised different opinions on proposals of the Board or other matters.

(4) Establishment and improvement of work system of independent directors and independent directors' performance of their duties

Pursuant to laws and regulations including "Corporate Law", "Guiding Opinion on Establishing Independent Director System by Listed Companies" and "Code of Corporate Governance for Listed Companies", the Company established "Work System for Independent Directors with Regards to Annual Reports" and "Annual Report Work System for Independent Directors", which ensured independent directors' performance of their duties. Independent directors performed their duties faithfully, took their roles in specialized committees actively and protected the interests of the Company and shareholders, in particular, of the minority shareholders. Independent directors actively participated in the Board meetings and specialized committees meetings, investigated the Company's strategic plan in depth, studied the incentive program in details, which enable the independent directors to understand the Company's operations, to provide their recommendations for the management and development of the Company and to enhance the improvement of corporate governance. During the reporting period, independent directors also expressed their independent opinions on related party transactions, external guarantees, re-election of the Board, appointment of senior management and other significant matters and decisions. Especially during the preparation of the annual report, independent directors played their professional and independent role in communication with finance department, internal audit office and statutory

auditor of the Company according to "Work System for Independent Directors with Regards to Annual Reports".

IV. Important comments and suggestions made by specialized committees under the Board when performing their duties during the reporting period

During the reporting period, the strategy commission held 3 strategy committee meetings, studying the domestic and global trends of economy and industry development as well as the policies of the government and the industry, and reviewing important decision making events of the Company, including "1+5" rolling business plan of the Company and establishment of SAIC Motor – CP Co., Ltd. in Thailand. When reviewing "The Proposal to Establish SAIC Motor - CP Co., Ltd. and MG Sales (Thailand) Co., Ltd.", they suggested that the Company should plan larger target market in the region of Association of Southeast Asian Nations and other overseas areas with broader vision, and plan the overseas strategy and branding strategy of self-owned brands with longer term perspective.

The audit committee held 5 meetings to review the significant matters including periodic financial information, the completeness and practicability of internal control system and its operation. When reviewing "The Interim Report of Year 2012 and the Abstract", the audit committee suggested that the Company should well interpret the first interim financial report after restructuring and should strengthen the management of investor relations.

The nomination, remuneration and appraisal committee held 4 meetings to supervise the implementation of remuneration system, to review the qualification of candidates of directors and senior management, to review significant events including incentive funds plan. When reviewing "The Management Policies of the Incentive Funds Plan", the nomination, remuneration and appraisal committee suggested that the Company should make relevant detailed plan and process of approval, and further promote the development of the Company by effectively motivating talents.

V. Declaration about the risk of the Company made by board of supervisors

In accordance with relevant laws, regulations and the relevant provisions of the "Articles of Association" and "Rules of Procedure for the Board of Supervisors", the board of supervisors has monitored and supervised the Company's decision-making procedures, internal control management and the performance of duties of senior management. The board of supervisors has been present at the general meeting of shareholders of the Company, Board meetings and meetings of relevant specialized committees of the Board. In the opinion of board of supervisors, during the reporting period, the Company's decision-making process has been in strict compliance with the "Articles of Association", the decision-making process is democratic and transparent and management of the Company has faithfully implemented the resolutions of general meetings of shareholders and Board meetings and has periodically reported on the implementation of the resolutions and matters authorized by the Board. Director, president and other senior management of the Company have demonstrated diligence in the course of performing their duties. There has been no violation of the laws, regulations or the "Article of Association". No damage to the interests of the Company or shareholders has been found.

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

After the Company completed the transaction of assets acquisition through issuing shares to the controlling shareholder, the Company has integrated the business resource of controlling shareholder in automobile industry chain. With more than 99% controlling shareholder's assets acquired by the Company, the Company has built integrated and independent business and independent operating abilities, which are completely independent from controlling shareholder in respects of business, personnel, assets, organization and finance. Related party transactions between the Company and the controlling shareholder were reduced substantially and there's no horizontal competition. The Company has fully independent operation capability.

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

The Company drafted "The Evaluation and Incentive System of Management by the Board of Director of SAIC Motor Corporation Limited (Draft)" for senior management evaluation. The Board approved "The Incentive Funds Plan of SAIC Motor Corporation Limited" and has developed "The Management Rules of the Incentive Funds of SAIC Motor Corporation Limited".

Section IX Internal Control

I. Declaration about responsibilities on internal control and construction of internal control system

The Board and all directors certify that this report does not contain any false or misleading statements or material omissions and are jointly and severally liable for the authenticity, accuracy and integrity of the content.

Establishment, maintenance and effective operation of internal control is the responsibility of the Board. The board of supervisors is responsible for supervision of the establishment and operation of internal control, which are executed by the Board. The senior management of the Company is responsible for the day-to-day operations of internal control.

The target of the internal control of the Company is to reasonably ensure the legal compliance of operations, security of assets, truthfulness and completeness of financial reports and related information and to improve operational efficiency and effectiveness and advance the realization of the development strategy. Due to the inherent limitations of internal control, the Company can only provide reasonable assurance to achieve the above targets. For more details, please refer to "Self-assessment Report on Internal Control of SAIC Motor Corporation Limited of 2012", which is published on the website of Shanghai Security Exchange on March 29, 2013.

II. Audits' report on internal control

Deloitte Touche Tohmatsu Certified Public Accountants LLP issued "Auditors' Report on Internal Control of SAIC Motor Corporation Limited" (De Shi Bao (Shen) Zi (13) No. S0051). For details, please refer to relevant announcements of the Company.

III. Accountability system for significant errors and related implementation in annual report

To ensure the quality of information disclosure related to annual report, the Company clarifies the policies of accountability for significant errors made in information disclosure in "Information Disclosure Management System" according to the regulation of CSRC, which has enhanced the execution of the accountability policies. During the reporting period, there is no significant error in information disclosure.

Section X Financial Statements

1. The Company's financial statements of year 2012 have been audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP by issuing the standard unqualified auditors' report (De Shi Bao (Shen) Zi (13) No. P0361), which is signed by Ms. Zhou Hua and Ms. Hu Yuanyuan, certified public accountants. According to the auditors' report, the financial statements of SAIC Motor Corporation Limited present fairly, in all material respects, the financial position of SAIC Motor Corporation Limited as of December 31, 2012, and the results of its operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises (the financial statements and the notes to the financial statements are enclosed).

2. Changes in accounting policies and accounting estimates and correction of accounting errors during the reporting period

There are no changes in accounting policies, accounting estimates or correction of accounting errors during the reporting period.

Section XI List of Documents Available For Inspection

1. Financial statements signed and stamped by Legal Representative, Chief Financial Officer and Head of Accounting Department of the Company.
2. Original copies of auditors' report signed and stamped by the accounting firm and Certified Public Accountants.
3. Original copies of all documents and announcements which were disclosed in newspapers designated by CSRC during the reporting period.
4. Articles of Association of SAIC Motor Corporation Limited.

SAIC Motor Corporation Limited

Chairman of the Board: _____
Mr. Hu Maoyuan

March 29, 2013

AUDITOR'S REPORT

De Shi Bao (Shen) Zi (13) No.P0361

To the shareholders of SAIC Motor Corporation Limited:

We have audited the accompanying financial statements of SAIC Motor Corporation Limited ("SAIC Motor"), which comprise the consolidated and the company's balance sheets as of December 31, 2012, and the consolidated and the company's income statements, the consolidated and the company's statements of changes in shareholders' equity and the consolidated and the company's cash flow statements for the year then ended, and the notes to the financial statements.

1. Management's responsibility for the financial statements

Management of SAIC Motor is responsible for the preparation and fair presentation of these financial statements. This responsibility includes: (1) preparing the financial statements in accordance with the requirements of Accounting Standards for Business Enterprises to achieve fair presentation of the financial statements. (2) designing, implementing and maintaining internal control that is necessary to enable that the financial statements are free from material misstatement, whether due to fraud or error.

2. Auditor's responsibility

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

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

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

3. Opinion

In our opinion, the consolidated and the company's financial statements of SAIC Motor present fairly, in all material respects, the financial position of SAIC Motor as of December 31, 2012, and the consolidated and the company's results of operations and cash flows for the year then ended in accordance with Accounting Standards for Business Enterprises.

Deloitte Touche Tohmatsu
Certified Public Accountants LLP
Shanghai, China

Chinese Certified Public Accountant
Zhou Hua
Hu Yuan Yuan
March 27, 2013

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

DECEMBER 31, 2012

Consolidated Balance Sheet

Unit: RMB

Item	Notes	December 31, 2012	December 31, 2011
Current assets:			
Cash and bank balances	(VI)1	60,846,425,921.76	72,158,565,902.59
Held-for-trading financial assets	(VI)2	42,839,755.99	759,037,792.49
Notes receivable	(VI)3	24,942,718,373.67	40,149,264,950.36
Accounts receivable	(VI)4	15,427,853,242.07	11,970,414,523.06
Prepayments	(VI)5	19,977,601,440.37	12,747,982,507.24
Interest receivable		52,097,207.50	50,477,438.92
Dividends receivable	(VI)6	5,986,377,249.15	284,205,442.47
Other receivables	(VI)7	3,903,358,709.34	1,312,578,894.68
Inventories	(VI)8	24,950,803,086.15	29,256,881,018.66
Non-current assets due within one year	(VI)9	7,479,430,263.52	4,769,633,200.78
Other current assets	(VI)10	25,545,149,999.46	17,773,919,874.60
Total current assets		189,154,655,248.98	191,232,961,545.85
Non-current assets:			
Loans and advances	(VI)11	6,596,774,236.12	4,991,064,063.15
Available-for-sale financial assets	(VI)12	20,907,581,748.67	13,971,073,896.98
Long-term receivables	(VI)13	1,237,939,132.17	1,493,933,041.71
Long-term equity investments	(VI)14,15	45,483,194,021.66	31,253,326,919.56
Investment properties	(VI)16	2,873,077,080.29	2,917,637,809.76
Fixed assets	(VI)17	24,792,105,841.46	36,691,546,772.91
Construction in progress	(VI)18	8,033,818,659.57	8,829,598,188.54
Intangible assets	(VI)19	5,526,670,004.45	8,192,067,057.29
Development expenditure	(VI)19	649,652,334.95	591,746,656.39
Goodwill	(VI)20	84,993,655.59	610,981,577.53
Long-term prepaid expenses	(VI)21	856,057,596.78	868,650,265.74
Deferred tax assets	(VI)22	8,626,461,184.40	8,231,601,934.06
Other non-current assets	(VI)23	2,380,018,223.02	8,756,991,265.60
Total non-current assets		128,048,343,719.13	127,400,219,449.22
TOTAL ASSETS		317,202,998,968.11	318,633,180,995.07

Consolidated Balance Sheet - Continued

Unit: RMB

Item	Notes	December 31, 2012	December 31, 2011
Current liabilities:			
Short-term borrowings	(VI)25	5,798,812,190.73	5,859,252,494.44
Customer deposits and deposits from banks and other financial institutions	(VI)26	31,808,381,587.96	18,424,507,736.80
Taking from banks and other financial institutions	(VI)27	-	3,000,000,000.00
Held-for-trading financial liabilities	(VI)28	-	4,263,656.99
Notes payable	(VI)29	3,083,732,165.14	5,024,404,818.28
Accounts payable	(VI)30	47,809,876,107.19	73,210,344,869.39
Receipts in advance	(VI)31	21,911,629,511.49	17,683,150,343.49
Financial assets sold under repurchase agreements	(VI)32	-	1,164,995,527.20
Employee benefits payable	(VI)33	4,437,867,936.97	5,055,127,687.75
Taxes payable	(VI)34	4,915,632,578.72	2,826,063,790.18
Interest payable		105,525,826.50	77,265,024.10
Dividends payable	(VI)35	1,098,745,971.80	6,247,188,138.59
Other payables	(VI)36	22,742,269,601.58	17,596,663,320.76
Non-current liabilities due within one year	(VI)37	12,142,257,516.08	5,690,380,898.61
Other current liabilities	(VI)38	496,949,396.85	649,193,934.99
Total current liabilities		156,351,680,391.01	162,512,802,241.57
Non-current liabilities:			
Long-term borrowings	(VI)39	946,778,928.20	1,863,486,345.64
Bonds payable	(VI)40	-	5,767,289,001.11
Long-term payables	(VI)41	-	34,714,909.22
Provisions	(VI)42	3,853,733,529.56	4,018,687,590.91
Deferred tax liabilities	(VI)22	1,039,134,454.17	1,072,456,595.13
Special payables	(VI)43	2,649,951,663.82	2,495,841,706.90
Other non-current liabilities	(VI)44	7,355,363,450.76	7,751,585,763.85
Total non-current liabilities		15,844,962,026.51	23,004,061,912.76
TOTAL LIABILITIES		172,196,642,417.52	185,516,864,154.33
SHAREHOLDERS' EQUITY:			
Share capital	(VI)45	11,025,566,629.00	11,025,566,629.00
Capital reserve	(VI)46	44,866,152,104.51	42,172,495,420.74
Special reserve		46,320,745.65	-
Surplus reserve	(VI)47	14,304,851,717.87	9,804,048,604.86
Retained earnings	(VI)48	51,978,504,734.84	39,220,503,321.39
Translation differences arising on translation of financial statements denominated in foreign currencies		115,971,467.58	139,700,747.19
Total shareholders' equity attributable to shareholders of the Company		122,337,367,399.45	102,362,314,723.18
Minority interests		22,668,989,151.14	30,754,002,117.56
TOTAL SHAREHOLDERS' EQUITY		145,006,356,550.59	133,116,316,840.74
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		317,202,998,968.11	318,633,180,995.07

The accompanying notes form part of the financial statements.

DECEMBER 31, 2012

Balance Sheet of the Company

Unit: RMB

Item	Notes	December 31, 2012	December 31, 2011
Current assets:			
Cash and bank balances		37,921,043,431.96	27,755,933,364.63
Notes receivable	(XII)1	1,568,800,877.00	826,562,626.00
Accounts receivable	(XII)2	371,924,320.37	258,541,719.86
Prepayments		576,430,358.52	1,044,438,463.49
Dividends receivable		6,881,214,320.79	7,115,098,097.88
Other receivables	(XII)3	1,177,722,625.90	578,272,823.10
Inventories	(XII)4	1,124,284,469.32	1,513,378,422.24
Non-current assets due within one year		2,391,915,135.00	347,157,910.00
Other current assets		4,721,800,000.00	3,486,800,000.00
Total current assets		56,735,135,538.86	42,926,183,427.20
Non-current assets:			
Available-for-sale financial assets	(XII)5	5,076,436,663.25	4,384,246,255.53
Long-term receivables		206,347,798.16	359,947,933.16
Long-term equity investments	(XII)6,7	65,654,951,529.68	62,915,530,416.21
Investment properties	(XII)8	359,196,410.69	361,861,010.45
Fixed assets	(XII)9	4,112,544,054.11	3,924,191,415.81
Construction in progress	(XII)10	712,388,433.31	868,520,301.69
Intangible assets	(XII)11	2,541,070,960.71	2,474,743,364.82
Development expenditure	(XII)11	601,856,307.40	512,022,144.50
Other non-current assets		1,008,024,113.42	2,209,585,263.85
Total non-current assets		80,272,816,270.73	78,010,648,106.02
TOTAL ASSETS		137,007,951,809.59	120,936,831,533.22

Balance sheet of the Company- Continued

Unit: RMB

Item	Notes	December 31, 2012	December 31, 2011
Current liabilities:			
Short-term borrowings	(XII)12	64,508,000.00	64,508,000.00
Accounts payable		5,909,312,451.30	5,233,994,922.80
Receipts in advance		410,594,478.56	283,303,282.95
Employee benefits payable	(XII)13	1,170,711,960.23	806,032,309.34
Taxes payable		114,147,508.95	(39,608,651.66)
Other payables		407,064,050.00	350,742,778.27
Non-current liabilities due within one year	(XII)14	6,385,856,465.00	1,496,921,614.94
Total current liabilities		14,462,194,914.04	8,195,894,256.64
Non-current liabilities:			
Long-term borrowings	(XII)15	-	31,900,000.00
Bonds payable		-	5,767,289,001.11
Provisions	(XII)16	313,290,318.98	292,913,100.26
Deferred tax liabilities	(XII)17	135,787,194.02	71,653,649.82
Special payables	(XII)18	972,655,000.00	987,830,000.00
Other non-current liabilities	(XII)19	4,484,003,669.48	4,679,594,504.03
Total non-current liabilities		5,905,736,182.48	11,831,180,255.22
TOTAL LIABILITIES		20,367,931,096.52	20,027,074,511.86
SHAREHOLDERS' EQUITY			
Share capital		11,025,566,629.00	11,025,566,629.00
Capital reserve	(XII)20	51,510,141,075.56	50,751,624,399.32
Surplus reserve		13,459,932,005.70	9,804,048,604.86
Retained earnings		40,644,381,002.81	29,328,517,388.18
TOTAL SHAREHOLDERS' EQUITY		116,640,020,713.07	100,909,757,021.36
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		137,007,951,809.59	120,936,831,533.22

The accompanying notes form part of the financial statements.

Consolidated Income Statement

Unit: RMB

Item	Notes	Year Ended December 31, 2012	Year Ended December 31, 2011
I. Total operating income		480,979,671,654.73	434,803,949,080.55
Including: Operating income	(VI)49	478,432,576,342.83	433,095,484,273.94
Interest income	(VI)50	2,495,862,499.96	1,659,646,963.42
Fee and commission income	(VI)51	51,232,811.94	48,817,843.19
II. Total operating costs			
Operating costs	(VI)49	400,563,596,693.58	351,870,300,190.34
Interest expenses	(VI)50	610,656,797.24	308,857,110.78
Fee and commission expenses	(VI)51	13,810,913.47	10,287,121.53
Less: Business taxes and levies	(VI)52	7,975,383,838.31	11,054,303,145.06
Selling expenses	(VI)53	27,208,155,102.99	22,850,791,963.07
Administrative expenses	(VI)54	18,534,638,524.17	19,115,699,860.52
Financial expenses	(VI)55	(115,219,782.30)	42,775,595.66
Impairment losses on assets	(VI)56	2,296,674,673.04	993,581,357.09
Add: Gain (loss) from changes in fair values	(VI)57	7,141,334.76	(325,823,779.35)
Investment income	(VI)58	15,429,341,204.19	13,451,965,891.04
Including: Income from investments in associates and JCEs		14,718,050,285.84	11,930,530,545.40
Foreign exchange gains		11,132,345.15	13,994,783.99
III. Operating Profit		39,339,589,778.33	41,697,489,632.18
Add: Non-operating income	(VI)59	1,097,265,859.02	685,402,805.63
Less: Non-operating expenses	(VI)60	280,490,666.16	354,729,650.92
Including: Losses from disposal of non-current assets		61,331,154.98	192,614,722.33
IV. Total profit		40,156,364,971.19	42,028,162,786.89
Less: Income tax expenses	(VI)61	6,628,111,243.43	7,038,531,753.70
V. Net profit		33,528,253,727.76	34,989,631,033.19
Including: Net profit of acquiree before the business combination under common control	(XI)1(3)	-	6,595,787,011.66
Net profit attributable to shareholders of the Company		20,751,763,307.97	20,221,866,457.55
Profit or loss attributable to minority interests		12,776,490,419.79	14,767,764,575.64
VI. Earnings per share:			
(I) Basic earnings per share	(VI)62	1.882	1.834
(II) Diluted earnings per share	(VI)62	Not applicable	Not applicable
VII. Other comprehensive income(loss)	(VI)63	2,645,971,370.64	(2,622,769,405.64)
VIII. Total comprehensive income		36,174,225,098.40	32,366,861,627.55
Total comprehensive income attributable to shareholders of the Company		23,194,619,326.18	17,714,185,460.26
Total comprehensive income attributable to minority interests		12,979,605,791.86	14,652,676,167.29

Income Statement of the Company

Unit: RMB

Item	Notes	Year Ended December 31, 2012	Year Ended December 31, 2011
I. Operating income	(XII)21	17,811,015,046.41	15,852,597,646.60
II. Operating costs	(XII)21	16,037,008,567.98	13,858,782,344.52
Less: Business taxes and levies		462,301,881.40	483,553,125.94
Selling expenses		2,030,113,918.46	892,881,242.58
Administrative expenses		3,253,592,900.69	3,639,702,653.36
Financial expenses		(47,011,059.65)	263,529,500.70
Impairment losses of assets	(XII)22	143,473,592.06	226,312,200.00
Add: Investment income	(XII)23	20,714,177,723.04	19,011,292,440.74
Including: Income from investments in associates and JCEs		16,723,142,696.92	8,731,284,367.76
III. Operating profit		16,645,712,968.51	15,499,129,020.24
Add: Non-operating income		210,953,825.71	53,844,038.99
Less: Non-operating expenses		(130,543,494.67)	410,287.64
Including: Losses from disposal of non-current assets		774,505.84	174,675.42
IV. Total profit		16,987,210,288.89	15,552,562,771.59
Less: Income tax expenses		(39,665,009.88)	(37,606,995.76)
V. Net Profit		17,026,875,298.77	15,590,169,767.35
VI. Other comprehensive income (losses)	(XII)24	758,705,355.49	(161,820,793.28)
VII. Total comprehensive income		17,785,580,654.26	15,428,348,974.07

The accompanying notes form part of the financial statements.

Consolidated Cash Flow Statement

Unit: RMB

Item	Notes	Year Ended December 31, 2012	Year Ended December 31, 2011
I. Cash flow from operating activities:			
Cash receipts from the sale of goods and rendering of services		593,380,185,926.99	519,397,335,113.40
Net increase in customer deposits and deposits from bank and other financial institutions		2,592,701,952.73	1,137,754,829.43
Cash receipts from interests, fees and commissions		2,545,475,543.32	1,792,744,709.84
Net increase in financial assets sold under repurchase agreements		-	1,707,598,358.37
Receipts of tax refunds		499,715,025.28	382,355,910.49
Net increase in taking from banks and other financial institutions		-	570,000,000.00
Other cash receipts relating to operating activities		1,891,726,841.29	1,433,451,790.83
Sub-total of cash inflow from operating activities		600,909,805,289.61	526,421,240,712.36
Cash payments for goods purchased and services received		506,378,091,609.71	426,790,017,096.22
Net increase in loans and advances		6,987,137,448.20	9,500,408,907.15
Net increase in balance with the central bank		2,072,074,556.05	1,383,607,590.12
Net decrease in balance taking from banks and other financial institutions		3,000,000,000.00	-
Net decrease in financial assets sold under repurchase		1,164,995,527.20	-
Cash payments for interests, fees and commissions		596,206,908.31	294,147,090.95
Cash payments to and on behalf of employees		13,538,056,744.68	11,386,063,174.22
Payments for various types of taxes		30,387,292,734.56	36,787,162,698.90
Other payments relating to operating activities		17,194,822,136.35	20,070,490,267.69
Sub-total of cash outflow relating to operating		581,318,677,665.06	506,211,896,825.25
Net cash flow from (used in) operating activities	(VI)66(1)	19,591,127,624.55	20,209,343,887.11
II. Cash flow from investing activities:			
Cash receipts from disposals and recovery of		16,712,706,469.71	24,787,299,063.78
Cash receipts from investment income		11,469,495,755.76	8,254,200,164.90
Net cash receipts from disposals of fixed assets, intangible assets and other long-term assets		723,756,856.38	1,218,897,798.27
Cash receipts from acquisition of subsidiaries		-	14,137,210.20
Other cash receipts relating to investing activities		873,348,613.79	774,172,497.56
Sub-total of cash inflow from investing activities		29,779,307,695.64	35,048,706,734.71
Cash payment to acquire or construct fixed assets, intangible assets and other long-term assets		16,008,535,080.60	16,165,173,869.15
Cash payments to acquire investments		21,823,438,261.65	23,717,931,506.15
Net cash payments for acquisitions of subsidiaries	(XI)1	8,970,681,726.82	167,470,577.22
Sub-total of cash outflow relating to investing		46,802,655,069.07	40,050,575,952.52
Net Cash flow from (used in) investing activities		(17,023,347,373.43)	(5,001,869,217.81)

Consolidated Cash Flow Statement - Continued

Item	Notes	Year Ended December 31, 2012	Year Ended December 31, 2011
III. Cash flow from financing activities:			
Cash receipts from capital contributions		687,825,297.18	403,677,553.00
Including: cash receipts from capital contributions from minority owners of subsidiaries		687,825,297.18	403,677,553.00
Cash receipts from borrowings		10,069,153,162.62	11,758,250,087.20
Other cash receipts relating to financing activities	(VI)65	654,800,570.44	-
Sub-total of cash inflow from financing activities		11,411,779,030.24	12,161,927,640.20
Cash repayments of borrowings		11,701,058,380.86	14,609,255,519.67
Cash payments for distribution of dividends or profits or settlement of interest expenses		14,987,633,379.72	12,576,989,242.07
Including: payments for distribution dividends or profit to minority owners of subsidiaries		11,182,744,583.90	10,224,253,268.05
Other cash payments relating to financing activities	(VI)65	188,679.25	1,101,643,074.17
Sub-total of cash outflow relating to financing		26,688,880,439.83	28,287,887,835.91
Net cash flow from (used in) financing activities		(15,277,101,409.59)	(16,125,960,195.71)
IV. Effect of foreign exchange rate changes on cash and cash equivalents		(20,092,807.97)	(113,991,694.87)
V. Net increase (decrease) in cash and cash		(12,729,413,966.44)	(1,032,477,221.28)
Add: Opening balance of cash and cash equivalents		59,527,277,873.78	60,559,755,095.06
VI. Closing balance of cash and cash equivalents	(VI)66(2)	46,797,863,907.34	59,527,277,873.78

The accompanying notes form part of the financial statements.

SAIC MOTOR CORPORATION LIMITED

YEAR ENDED DECEMBER 31, 2012

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

Item	Shareholders' equity attributable to shareholders of the Company							Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Special reserve	Surplus reserve	Retained earnings	Translation differences arising on translation of financial statements denominated in foreign currencies	Sub-total		
Balance as of January 1, 2012	11,025,566,629.00	42,172,495,420.74	-	9,804,048,604.86	39,220,503,321.39	139,700,747.19	102,362,314,723.18	30,754,002,117.56	133,116,316,840.74
Changes during the year	-	2,693,656,683.77	46,320,745.65	4,500,803,113.01	12,758,001,413.45	(23,729,279.61)	19,975,052,676.27	(8,085,012,966.42)	11,890,039,709.85
(I) Net profit	-	-	-	-	20,751,763,307.97	-	20,751,763,307.97	12,776,490,419.79	33,528,253,727.76
(II) Other comprehensive income	-	2,466,585,297.82	-	-	-	(23,729,279.61)	2,442,856,018.21	203,115,352.43	2,645,971,370.64
Sub-total of (I) and (II)	-	2,466,585,297.82	-	-	20,751,763,307.97	(23,729,279.61)	23,194,619,326.18	12,979,605,772.22	36,174,225,098.40
(III) Shareholders' contribution	-	(188,679.25)	-	-	-	-	(188,679.25)	687,825,297.18	687,636,617.93
(IV) Profit distribution	-	2,879,770.97	-	4,250,294,771.93	(7,738,935,699.81)	-	(3,485,761,156.91)	(6,750,840,634.04)	(10,236,601,790.95)
1. Appropriation of surplus reserve	-	-	-	4,250,294,771.93	(4,250,294,771.93)	-	-	-	-
2. Distribution to shareholders	-	-	-	-	(3,307,669,988.70)	-	(3,307,669,988.70)	(6,437,889,509.98)	(9,745,559,498.68)
3. Others	-	2,879,770.97	-	-	(180,970,939.18)	-	(178,091,168.21)	(312,951,124.06)	(491,042,292.27)
(V) Increase of special reserve	-	-	46,320,745.65	-	-	-	46,320,745.65	3,250,155.14	49,570,900.79
(VI) Others	-	224,380,294.23	-	250,508,341.08	(254,826,194.71)	-	220,062,440.60	(15,004,853,556.92)	(14,784,791,116.32)
1. Changes due to changes in the scope of consolidation during the year	-	-	-	250,508,341.08	(250,508,341.08)	-	-	(14,778,074,554.09)	(14,778,074,554.09)
2. Changes due to changes of proportion of capital contribution to subsidiaries during the year	-	56,086,824.06	-	-	(4,317,853.63)	-	51,768,970.43	(226,779,002.83)	(175,010,032.40)
3. Surplus of relocation compensation	-	154,413,018.84	-	-	-	-	154,413,018.84	-	154,413,018.84
4. Others	-	13,880,451.33	-	-	-	-	13,880,451.33	-	13,880,451.33
Balance as of December 31, 2012	11,025,566,629.00	44,866,152,104.51	46,320,745.65	14,304,851,717.87	51,978,504,734.84	115,971,467.58	122,337,367,399.45	22,668,989,151.14	145,006,356,550.59

SAIC MOTOR CORPORATION LIMITED

YEAR ENDED DECEMBER 31, 2011

Consolidated Statement of Changes in Shareholders' Equity

Unit: RMB

Item	Shareholders' equity attributable to shareholders of the Company						Minority interests	Total shareholders' equity
	Share capital	Capital reserve	Surplus reserve	Retained earnings	Translation differences arising on translation of financial statements denominated in foreign currencies	Sub-total		
Balance as of January 1, 2011	9,242,421,691.00	46,814,590,226.81	6,686,014,651.38	24,175,780,319.71	(4,312,957.44)	86,914,493,931.46	26,598,235,179.56	113,512,729,111.02
Changes during the year	1,783,144,938.00	(4,642,094,806.07)	3,118,033,953.48	15,044,723,001.68	144,013,704.63	15,447,820,791.72	4,155,766,938.00	19,603,587,729.72
(I) Net profit	-	-	-	20,221,866,457.55	-	20,221,866,457.55	14,767,764,575.64	34,989,631,033.19
(II) Other comprehensive income	-	(2,651,694,701.92)	-	-	144,013,704.63	(2,507,680,997.29)	(115,088,408.35)	(2,622,769,405.64)
Sub-total of (I) and (II)	-	(2,651,694,701.92)	-	20,221,866,457.55	144,013,704.63	17,714,185,460.26	14,652,676,167.29	32,366,861,627.55
(III) Shareholders' contribution	1,783,144,938.00	(1,844,573,252.49)	-	-	-	(61,428,314.49)	403,677,553.00	342,249,238.51
(IV) Profit distribution	-	2,715,353.43	3,118,033,953.48	(5,225,385,563.48)	-	(2,104,636,256.57)	(11,029,859,399.10)	(13,134,495,655.67)
1. Appropriation of surplus reserve	-	-	3,118,033,953.48	(3,118,033,953.48)	-	-	-	-
2. Distribution to shareholders	-	-	-	(1,848,484,338.20)	-	(1,848,484,338.20)	(10,651,645,411.93)	(12,500,129,750.13)
3. Others	-	2,715,353.43	-	(258,867,271.80)	-	(256,151,918.37)	(378,213,987.17)	(634,365,905.54)
(V) Others	-	(148,542,205.09)	-	48,242,107.61	-	(100,300,097.48)	129,272,616.81	28,972,519.33
1. Effect of business combination involving enterprises under common control during the year	-	(111,647,080.89)	-	48,242,107.61	-	(63,404,973.28)	(8,027,444.31)	(71,432,417.59)
2. Changes due to acquisition of minority interests in subsidiaries during the year	-	(36,895,124.20)	-	-	-	(36,895,124.20)	(50,886,975.80)	(87,782,100.00)
3. Increase due to business combination not involving enterprises under common control during the year	-	-	-	-	-	-	188,187,036.92	188,187,036.92
Balance as of December 31, 2011	11,025,566,629.00	42,172,495,420.74	9,804,048,604.86	39,220,503,321.39	139,700,747.19	102,362,314,723.18	30,754,002,117.56	133,116,316,840.74

SAIC MOTOR CORPORATION LIMITED

YEAR ENDED DECEMBER 31, 2012

Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

Item	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total shareholders' equity
Balance as of January 1, 2012	11,025,566,629.00	50,751,624,399.32	9,804,048,604.86	29,328,517,388.18	100,909,757,021.36
Changes during the year	-	758,516,676.24	3,655,883,400.84	11,315,863,614.63	15,730,263,691.71
(I) Net profit	-	-	-	17,026,875,298.77	17,026,875,298.77
(II) Other comprehensive income (loss)	-	758,705,355.49	-	-	758,705,355.49
Sub-total of (I) and (II)	-	758,705,355.49	-	17,026,875,298.77	17,785,580,654.26
(III) Shareholders' contribution	-	(188,679.25)	-	-	(188,679.25)
(IV) Profit distribution	-	-	3,405,375,059.76	(6,713,045,048.46)	(3,307,669,988.70)
1. Appropriation of surplus reserve	-	-	3,405,375,059.76	(3,405,375,059.76)	-
2. Distribution to shareholders	-	-	-	(3,307,669,988.70)	(3,307,669,988.70)
(V) Others	-	-	250,508,341.08	1,002,033,364.32	1,252,541,705.40
Balance as of December 31, 2012	11,025,566,629.00	51,510,141,075.56	13,459,932,005.70	40,644,381,002.81	116,640,020,713.07

SAIC MOTOR CORPORATION LIMITED

YEAR ENDED DECEMBER 31, 2011

Statement of Changes in Shareholders' Equity of the Company

Unit: RMB

Item	Share capital	Capital reserve	Surplus reserve	Retained earnings	Total shareholders' equity
Balance as of January 1, 2011	9,242,421,691.00	29,734,788,447.06	6,686,014,651.38	18,704,865,912.51	64,368,090,701.95
Changes during the year	1,783,144,938.00	21,016,835,952.26	3,118,033,953.48	10,623,651,475.67	36,541,666,319.41
(I) Net profit	-	-	-	15,590,169,767.35	15,590,169,767.35
(II) Other comprehensive income (loss)	-	(161,820,793.28)	-	-	(161,820,793.28)
Sub-total of (I) and (II)	-	(161,820,793.28)	-	15,590,169,767.35	15,428,348,974.07
(III) Shareholders' contribution	1,783,144,938.00	21,178,656,745.54	-	-	22,961,801,683.54
(IV) Profit distribution	-	-	3,118,033,953.48	(4,966,518,291.68)	(1,848,484,338.20)
1. Appropriation of surplus reserve	-	-	3,118,033,953.48	(3,118,033,953.48)	-
2. Distribution to shareholders	-	-	-	(1,848,484,338.20)	(1,848,484,338.20)
Balance as of December 31, 2011	11,025,566,629.00	50,751,624,399.32	9,804,048,604.86	29,328,517,388.18	100,909,757,021.36

I. GENERAL

SAIC Motor Corporation Limited (hereinafter referred to as the “Company”) is a stock limited company exclusively initiated by Shanghai Automotive Industry Corporation (Group) (hereinafter referred to as “SAIC”) as approved by [1997] No.41 issued by Shanghai Municipal People’s Government and by Hu Zheng Si [1997] No.104 issued by Shanghai Securities Management Office on August, 1997. The Company received the legal entity business license with Registration No. 310000000000840, and the operating period is infinite. On November 7, 1997, as approved by China Securities Regulatory Commission (hereinafter referred to as “CSRC”) with Zheng Jian Fa Zi [1997] No. 500, the Company issued the domestic shares that are listed in China (A Share) to the public for trading in the market, with the stock code of 600104.

After the establishment, the Company has undertaken quite a few equity transactions. As of January 1, 2011, the Company’s total share capital was RMB 9,242,421,691.00, in 9,242,421,691 shares, of which SAIC held 6,742,713,768 shares, accounting for 72.95% of the total shares, Yuejin Motor Group Corporation (hereinafter referred to as “Yuejin”) held 468,398,580 shares, accounting for 5.07% of the total shares, and remaining shares held by the public were 2,031,309,343 shares, accounting for 21.98% of the total shares.

On April 1, 2011, “Proposal of Assets Acquisition through Share Issue and Related Party Transactions of SAIC Motor Corporation Limited” was approved by the 4th session of the board of the Company on the 26th board meeting and the Company is approved to acquire assets from SAIC and Shanghai Automotive Industry Co., Ltd. (hereinafter referred to as “SAIC Ltd”) through issuing shares to SAIC and SAIC Ltd. According to “Assets Acquisition through Share Issue Agreement” entered into between the Company, SAIC and SAIC Ltd on April 1, 2011, the Company was to issue shares to SAIC and SAIC Ltd to acquire assets and equity investments related to business of independent supply of auto parts, automotive service and trading and new energy automotive owned by SAIC and SAIC Ltd (hereinafter referred to as “2011 Restructuring”). On May 11, 2011, “Proposal of Assets Acquisition through Share Issue and Related Party Transaction of the Company” and “Proposal of Signing ‘Supplement Agreement of Assets Acquisition through Share Issue’” were approved by the 4th session of the board of the Company on the 29th meeting. The Company, SAIC and SAIC Ltd signed Supplemental Agreement of Assets Acquisition through Share Issue on the same day. On May 20, 2011, Shanghai SASAC approved 2011 Restructuring with “Approval of the Nonpublic Issue of Shares of SAIC Motor Corporation Limited” (Hu Guo Zi Wei Chan Quan [2011] No. 187). On May 27, 2011, “Proposal of Assets Acquisition through Share Issue and Related Party Transaction” and “Proposal of Signing ‘Assets Acquisition through Share Issue Agreement’ and ‘Supplemental Agreement of Assets Acquisition through Share Issue’” were approved by the second temporary general meeting of shareholders of 2011. On September 9, 2011, CSRS approved 2011 Restructuring with “Approval of Assets Acquisition through Share Issue” (Zheng Jian Xu Ke [2011] No. 1431).

On December 13, 2011, the Company signed “Delivery Memorandum” with SAIC and SAIC Ltd, and completed the delivery of assets of 2011 Restructuring on the same day. On December 27, 2011, the Company completed the issue of 1,783,144,938 shares, including 1,448,736,163 shares issued to SAIC and 334,408,775 shares issued to SAIC Ltd. On December 28, 2011, the Company received the Security Change Registration Certificate issued by Shanghai Branch of China Security Depository and Clearing Corporation Limited for the above share issue.

After 2011 Restructuring, the Company had 11,025,566,629 shares in issue, with share capital of RMB 11,025,566,629.00, of which SAIC held 8,191,449,931 shares, accounting for 74.30% of the total shares, Yuejin held 468,398,580 shares, accounting for 4.25% of the total shares, SAIC Ltd held 334,408,775 shares, accounting for 3.03% of the total shares, and other public shareholders held 2,031,309,343 shares, accounting for 18.42% of the total shares.

During the current year, Yuejin transferred 54,479,439 shares of the Company. By December 31, 2012, the Company’s total share capital was RMB 11,025,566,629.00 in 11,025,566,629 shares, of which SAIC held 8,191,449,931 shares, accounting for 74.30% of the total shares, Yuejin held 413,919,141 shares, accounting for 3.75% of the total shares, SAIC Ltd held 334,408,775 shares, accounting for 3.03% of the total shares, and other public shareholders held 2,085,788,782 shares, accounting for 18.92% of the total shares.

I. GENERAL - continued

Business scope of the Company includes manufacturing and sales of automobiles, motorcycles, tractors and other motor vehicles, and power trains and automobile parts, domestic trading (except those under special provisions), advisory services, export of self-manufactured products and technology, import of machinery and equipments, spare parts, raw and supplementary materials, and technology needed in the business operating (except goods and technology forbidden to import and export by Chinese government), rental of cars and machinery and equipments, industrial investment, periodical publishing, advertisements in the Company's own media, import and export business of goods and technology (subject to the license if the Company's business relates to licensing).

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

1. Basis of preparation of financial statements

The Company and its subsidiaries (hereinafter collectively referred to as the "Group") adopt Accounting Standards for Business Enterprises (hereinafter referred to as "ASBE") issued by the Ministry of Finance of the People's Republic of China on February 15, 2006. In addition, the Group discloses financial information in accordance with "Information Disclosure and Preparation and Reporting Rules for Companies Offering Securities to the Public No. 15 - General Provisions on Financial Reporting (Revised in 2010)".

Basis of accounting and principle of measurement

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

2. Statement of compliance with ASBE

The financial statements of the Company have been prepared in accordance with ASBE, and present truly and completely, the consolidated and the Company's financial position as of December 31, 2012, and the consolidated and the Company's results of operations and cash flows for the year then ended.

3. Accounting period

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

4. Functional currency

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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

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

5.1 Business combination involving enterprises under common control

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

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

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

5.2 Business combination not involving enterprises under common control and goodwill

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

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

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

Goodwill arising on a business combination is measured at cost less accumulated impairment losses, and is presented separately in the consolidated financial statements. It is tested for impairment at least at the end of each year.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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

5.2 Business combination not involving enterprises under common control and goodwill - continued

For the purpose of impairment testing, goodwill is considered together with the related assets group(s), i.e., goodwill is reasonably allocated to the related assets group(s) or each of assets group(s) expected to benefit from the synergies of the combination. An impairment loss is recognized if the recoverable amount of the assets group or sets of assets groups (including goodwill) is less than its carrying amount. The impairment loss is firstly allocated to reduce the carrying amount of any goodwill allocated to such assets group or sets of assets groups, and then to the other assets of the group pro-rata on the basis of the carrying amount of each asset (other than goodwill) in the group.

The recoverable amount of an asset is the higher of its fair value less costs of disposal and the present value of the future cash flows expected to be derived from the asset. An asset's fair value is the price in a sale agreement in an arm's length transaction. If there is no sale agreement but an asset is traded in an active market, fair value is the current bid price. If there is no sale agreement or active market for an asset, fair value is assessed based on the best information available. Costs of disposal include legal costs related to the disposal of the asset, related taxes, costs of removing the asset and direct costs to bring the asset into condition for its sale. The present value of expected future cash flows of an asset shall be determined by estimating the future cash flows to be derived from continuing use of the asset and from its ultimate disposal and applying the appropriate discount rate to those future cash flows.

The impairment of goodwill is recognized in profit or loss for the period in which it is incurred and will not be reversed in any subsequent period.

6. Preparation of consolidated financial statements

The scope of consolidation in the consolidated financial statements is determined on the basis of control. Control is the power to govern the financial and operating policies of an enterprise so as to obtain benefits from its operating activities.

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

For a subsidiary acquired through a business combination not involving enterprises under common control, the operating results and cash flows from the acquisition date (the date when control is obtained) are included in the consolidated income statement and consolidated statement of cash flows, as appropriate, and no adjustment is made to the opening balances and comparative figures in the consolidated financial statements.

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

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

6. Preparation of consolidated financial statements - continued

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

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

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

When the Group loses control over a subsidiary due to disposal of certain equity interest or other reasons, accounting treatment should be distinguished between the Company's financial statements and the consolidated financial statements. In the Company's financial statements, accounting treatment for that disposed equity should be in accordance with the "Accounting Standards for Business Enterprises No. 2-- Long term equity investment", meanwhile, the retained equity interest should be recognized as long-term equity investment or other related financial assets. If the retained equity interest can exercise joint control or significant influence over the original subsidiary; the Company changes the accounting treatment from cost method to equity method according to related accounting standards. In the consolidated financial statements, the retained interest is remeasured at its fair value at the date when control is lost. The difference between (i) the aggregate of the consideration received on disposal and the fair value of any retained interest and (ii) the share of the former subsidiary's net assets cumulatively calculated from the acquisition date according to the original proportion of ownership interest is recognized as investment income in the period in which control is lost. Other comprehensive income associated with investment in the former subsidiary is reclassified to investment income in the period in which control is lost.

7. Recognition criteria of cash and cash equivalents

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

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

8.1 Transactions denominated in foreign currencies

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

At the balance sheet date, foreign currency monetary items are translated into RMB using the spot exchange rates at the balance sheet date. Exchange differences arising from the differences between the spot exchange rates prevailing at the balance sheet date and those on initial recognition or at the previous balance sheet date are recognized in profit or loss for the period, except that (1) exchange differences related to a specific-purpose borrowing denominated in foreign currency that qualify for capitalization are capitalized as part of the cost of the qualifying asset during the capitalization period, (2) exchange differences related to hedging instruments for the purpose of hedging against foreign currency risks are accounted for using hedge accounting, (3) exchange differences arising from available-for-sale non-monetary items (such as shares) denominated in foreign currencies and changes in the carrying amounts (other than the amortized cost) of available-for-sale monetary items are recognized as other comprehensive income and included in capital reserve.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

8. Translation of transactions and financial statement denominated in foreign currencies - continued

8.1 Transactions denominated in foreign currencies - continued

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

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

8.2 Translation of financial statements denominated in foreign currencies

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

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

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

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**9. Financial instruments**

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

9.1 Determination of fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. For a financial instrument which has an active market, the Group uses the quoted price in the active market to establish its fair value. For a financial instrument which has no active market, 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.

9.2 Effective interest method

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

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

9.3 Classification, recognition and measurement of financial assets

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

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

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.3 Classification, recognition and measurement of financial assets - continued

9.3.1 Financial assets at fair value through profit or loss ("FVTPL") - continued

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

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

9.3.2 Held-to-maturity investments

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

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

9.3.3. Loans and receivables

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

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

9.3.4. Available-for-sale financial assets

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

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

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.4 Impairment of financial assets

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

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

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

- Impairment of financial assets measured at amortized cost

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.4 Impairment of financial assets - continued

- Impairment of available-for-sale financial assets

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

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

- Impairment of financial assets measured at cost

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

9.5 Transfer of financial assets

The Group derecognizes a financial asset if one of the following conditions is satisfied:

- (1) The contractual rights to the cash flows from the financial asset expire,
- (2) The financial asset has been transferred and substantially all the risks and rewards of ownership of the financial asset is transferred to the transferee,
- (3) Although the financial asset has been transferred, the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset but has not retained control of the financial asset.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership of a financial asset, and it retains control of the financial asset, it recognizes the financial asset to the extent of its continuing involvement in the transferred financial asset and recognizes an associated liability. The extent of the Group's continuing involvement in the transferred asset is the extent to which it is exposed to changes in the value of the transferred asset.

For a transfer of a financial asset in its entirety that satisfies the derecognition criteria, the difference between (1) the carrying amount of the financial asset transferred, and (2) the sum of the consideration received from the transfer and any cumulative gain or loss that has been recognized in other comprehensive income, is recognized in profit or loss.

If a part of the transferred financial asset qualifies for derecognition, the carrying amount of the transferred financial asset is allocated between the part that continues to be recognized and the part that is derecognized, based on the respective fair values of those parts. The difference between (1) the carrying amount allocated to the part derecognized; and (2) the sum of the consideration received for the part derecognized and any cumulative gain or loss allocated to the part derecognized which has been previously recognized in other comprehensive income, is recognized in profit or loss.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.6 Asset securitization

The Group has securitized a portion of automobile consumption loans (“trust property”) where assets are entrusted to a special purpose entity (“SPE”). The SPE issues senior assets-backed securities to investors, while the Group holds junior assets-backed securities which are not transferrable until the principal and interests of the senior assets-backed securities have been repaid. The Group acts as an asset service provider to provide services such as assets maintenance and day-to-day management, formulation of annual assets disposal plan, development and implementation of assets disposal options, entering into relevant assets disposal agreements, and regular preparation of assets service report, etc. The trust property, after paying trust taxation and relevant fees, will be firstly used to repay the principal and interests of the senior assets-backed securities; the remaining trust property after paying the principal and interests in full is treated as income from junior assets-backed securities and attributable to the Group.

When applying the accounting policy of securitization of financial assets, the Groups has already taken into account the extent of transfer of the risks and rewards of those assets transferred to the other entity, as well as the extent of control over such entity by the Group:

- When the Group has transferred substantially all the risks and rewards of ownership of a financial asset, it shall derecognize the relevant financial asset,
- When the Group has retained substantially all the risks and rewards of ownership of a financial asset, it shall continue to recognize the relevant financial asset,
- When the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, it shall determine whether it has retained control of the financial asset transferred. If the Group has not retained control, it shall derecognize the financial asset and recognize the rights retained or obligations arising from the transfer as an asset or a liability respectively. If the Group has retained control, it shall recognize the financial asset to the extent of its continuing involvement in the transferred financial asset.

9.7 Classification, recognition and measurement of financial liabilities

Debt and equity instruments issued by the Group are classified into financial liabilities or equity on the basis of the substance of the contractual arrangements and definitions of financial liability and equity instrument.

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

9.7.1 Financial liabilities at fair value through profit or loss

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

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.7 Classification, recognition and measurement of financial liabilities - continued

9.7.1 Financial liabilities at fair value through profit or loss - continued

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

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

9.7.2 Other financial liabilities

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

9.7.3. Financial guarantee contracts

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

9.8 Derecognition of Financial Liabilities

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

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

9.9 Derivatives and embedded derivatives

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

9. Financial instruments - continued

9.9 Derivatives and embedded derivatives - continued

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

9.9.1 Convertible loan notes

Convertible loan notes issued by the Group that contain both the liability and conversion option components are classified separately into respective items on initial recognition. Conversion option that is settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

On initial recognition, the fair value of the liability component is determined using the prevailing market interest of similar non-convertible debts. The difference between the gross proceeds of the issue of the convertible loan notes and the fair value assigned to the liability component, representing the conversion option for the holder to convert the loan notes into equity instrument, is included in capital reserve (other capital reserve-share conversion option).

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

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

9.10 Offsetting financial assets and financial liabilities

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

9.11 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The consideration received from issuing equity instruments, net of transaction costs, are added to shareholders' equity.

All types of distributions (excluding stock dividends) made by the Group to holders of equity instruments are deducted from shareholders' equity. The Group does not recognize any changes in the fair value of equity instruments.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**10. Receivables**10.1 Receivables that are individually significant and for which bad debt provision is individually assessed

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

10.2 Receivables that are not individually significant but for which bad debt provision is individually assessed

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

10.3 Receivables for which bad debt provision is collectively assessed on a portfolio basis

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

11. Inventories11.1 Categories of inventories

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

11.2 Valuation method of inventories upon delivery

For general trading companies, upon delivery of inventories, the weighted average method is used to assign the actual cost of inventories as for general trading enterprises.

For general manufacturing enterprises, inventories are accounted for using the planned costing method upon delivery. Cost variances are computed at the end of month to adjust planned costs to actual costs.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

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

At the balance sheet date, inventories are measured at the lower of cost and net realizable value. If the net realizable value is below the cost of inventories, a provision for decline in value of inventories is made. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion, the estimated costs necessary to make the sale and relevant taxes. Net realizable value is determined on the basis of clear evidence obtained, and takes into consideration the purposes of holding inventories and effect of post balance sheet events.

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

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

11.4 Inventory count system

The perpetual inventory system is maintained for stock system.

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

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

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

12. Long-term equity investments

12.1 Determination of investment cost

For a long-term equity investment acquired through a business combination involving enterprises under common control, the investment cost of the long-term equity investment is the attributable share of the carrying amount of the shareholders' equity of the acquiree at the date of combination. For a long-term equity investment acquired through business combination not involving enterprises under common control, the investment cost of the long-term equity investment is the cost of acquisition. For a long-term equity investment acquired through business combination not involving enterprises under common control and achieved in stages, the investment cost of the long-term equity investment is the aggregate of the carrying amount of the equity interest held in the acquiree prior to the acquisition date and the cost of the additional investment at the acquisition date. The long-term equity investment acquired otherwise than through a business combination is initially measured at its cost.

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

12. Long-term equity investments - continued

12.2 Subsequent measurement and recognition of profit or loss

12.2.1. Long-term equity investment accounted for using the cost method

For long-term equity investments over which the Group does not have joint control or significant influence and without quoted prices in an active market and that fair values cannot be reliably measured, the Group accounts for such long-term equity investments using the cost method. Besides, long-term equity investments in subsidiaries are accounted for using the cost method in the Company's separate financial statements. A subsidiary is an investee that is controlled by the Group.

Under the cost method, a long-term equity investment is measured at initial investment cost. Except for cash dividends or profits already declared but not yet paid that are included in the price or consideration actually paid upon acquisition of the long-term equity investment, investment income is recognized in the period in accordance with the attributable share of cash dividends or profit distributions declared by the investee.

12.2.2. Long-term equity investment accounted for using the equity method

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

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

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

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

For long-term equity investments in associates and joint ventures which had been held by the Group before its first-time adoption of ASBE on January 01, 2007, where the initial investment cost of a long-term equity investment exceeds the Group's interest in the investee's net assets at the time of acquisition, the excess is amortized and is recognized in profit or loss on a straight line basis over the original remaining life.

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
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II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued**14. Fixed assets****14.1 Recognition criteria for fixed assets**

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

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

14.2 Depreciation of each category of fixed assets

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

Category	Depreciation period (years)	Residual value rate (%)	Annual depreciation rate (%)
Buildings	8 - 50	0-10	1.8 - 12.5
Machinery and equipment	5 - 35	0-10	2.57 - 20
Machinery and equipment	Double declining balance method in a depreciation period of 5 or 10	5	N/A
Electronic equipment, appliance and furniture	2 - 20	0-18	4.1 - 50
Transportation vehicles	3 - 12	0-18	6.83 - 33.33
Molds	Using straight-line method or units-of-production method or double declining balance method	0-5	Not applicable

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

14.3 Methods of impairment assessment and determining the provision for impairment losses of fixed assets

The Group assesses at each balance sheet date whether there is any indication that the fixed assets may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period.

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

14. Fixed assets - continued

14.4 Identification basis and valuation methods for fixed assets acquired under finance leases

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

14.5 Other explanations

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

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

15. Construction in progress

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

The Group assesses at each balance sheet date whether there is any indication that construction in progress may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period.

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

16. Borrowing costs

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

16. Borrowing costs - continued

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

During the capitalization period, exchange differences related to a specific-purpose borrowing denominated in foreign currency are all capitalized. Exchange differences in connection with general-purpose borrowings are recognized in profit or loss in the period in which they are incurred.

17. Intangible assets

17.1 Intangible assets

Intangible assets include land use rights, patents, trademark and software etc.

An intangible asset is measured initially at cost. When an intangible asset with a finite useful life is available for use, its original cost less net residual value and any accumulated impairment losses is amortized over its estimated useful life using the straight-line method. An intangible asset with an indefinite useful life is not amortized.

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

17.2 Research and development expenditure

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

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

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

17. Intangible assets - continued

17.3 Methods of impairment assessment and determining the provision for impairment losses of intangible assets

The Group assesses at each balance sheet date whether there is any indication that the intangible assets with a finite useful life may be impaired. If there is any indication that such assets may be impaired, recoverable amounts are estimated for such assets. Recoverable amount is estimated on individual basis. If it is not practical to estimate the recoverable amount of an individual asset, the recoverable amount of the asset group to which the asset belongs will be estimated. If the recoverable amount of an asset or an asset group is less than its carrying amount, the deficit is accounted for as an impairment loss and is recognized in profit or loss for the period.

Intangible assets with indefinite useful life and intangible assets not yet available for use are tested for impairment annually, irrespective of whether there is any indication that the assets may be impaired.

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

18. Long-term prepaid expenses

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

19. Assets transferred under repurchase agreements

19.1 Financial assets purchased under resale agreements

Financial assets that have been purchased under agreements with a commitment to resell at a specific future date are not recognized in the balance sheet. The cost of purchasing such assets is presented under “financial assets purchased under resale agreements” in the balance sheet. The difference between the purchasing price and reselling price is recognized as interest income during the term of the agreement using the effective interest method.

19.2 Financial assets sold under repurchase agreements

Financial assets sold subject to agreements with a commitment to repurchase at a specific future date are not derecognized in the balance sheet. The proceeds from selling such assets are presented under “financial assets sold under repurchase agreements” in the balance sheet. The difference between the selling price and repurchasing price is recognized as interest expense during the term of the agreement using the effective interest method.

20. Provisions

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

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

21. Revenue

21.1 Revenue from sale of goods

Revenue from sale of goods is recognized when (1) the Group has transferred to the buyer the significant risks and rewards of ownership of the goods, (2) the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, (3) the amount of revenue can be measured reliably, (4) it is probable that the associated economic benefits will flow to the Group, and (5) the associated costs incurred or to be incurred can be measured reliably.

21.2 Revenue from rendering of services

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

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

22. Government grants

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

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

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

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

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

Relocation compensation received for relocation in the public interests

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

23. Deferred tax assets/ deferred tax liabilities

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

23.1 Current income tax

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

23.2 Deferred tax assets and deferred tax liabilities

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

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future. At the balance sheet date, deferred tax assets and liabilities are measured at the tax rates, according to tax laws, that are expected to apply in the period in which the asset is realized or the liability is settled.

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

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

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

24. Operating leases and finance leases

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

24.1 The Group as lessee under operating leases

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

24.2 The Group as lessor under operating leases

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

24.3 The Group as lessee under finance leases

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

Unrecognized finance charges are recognized as finance charge for the period using the effective interest method over the lease term. Contingent rents are credited to profit or loss in the period in which they are actually incurred. The net amount of minimum lease payments less unrecognized finance charges is separated into long-term liabilities and the portion of long-term liabilities due within one year for presentation.

24.4 The Group as lessor under finance leases

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

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

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

II. SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES - continued

25. Employee benefits

In an accounting period in which an employee has rendered service to the Group, the Group recognizes the employee benefits for that service as a liability, except for compensation for termination of employment relationship with the employees.

The Group participates in the employee social security systems, such as basic pensions, medical insurance, housing funds and other social securities established by the government in accordance with relevant requirements. The related expenditures are either included in cost of related assets or charged to profit or loss in the period when they are incurred.

When the Group terminates the employment relationship with employees before the expiry of the employment contracts or provides compensation as an offer to encourage employees to accept voluntary redundancy, if the Group has a formal plan for termination of employment relationship or has made an offer for voluntary redundancy which will be implemented immediately, and the Group cannot unilaterally withdraw from the termination plan or the redundancy offer, a provision for the compensation payable arising from the termination of employment relationship with employees is recognized with a corresponding charge to the profit or loss for the period.

26. Debt restructuring

Recording of debt restructuring obligation as the debtor

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

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

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

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

27. Safe production fund

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

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

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

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

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

Estimated useful life and residual value of fixed assets

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

Estimated useful life of internal developed intangible asset

The Group determines the useful life of internal developed intangible assets based on the general development plan, estimation on lifecycle of products and historical experience in the actual useful life of related intangible assets, which might be significantly changed due to out-of-date of products or technology renovation. When the estimated useful life becomes shorter, the Group will change the estimated useful life, and treat it as changes in accounting estimate.

Recognition of deferred tax assets

As of end of the year and beginning of the year, the Group recognized deferred tax assets amounting to RMB 8,626,461,184.40 and RMB 8,231,601,934.06, respectively. Realization of deferred tax assets majorly depends on the future deductible taxable profits and the tax rate of the period when deductible temporary differences are utilized. If it is probable that sufficient taxable profit will not be available in future periods or the applicable tax rate is lower than the estimation to allow the benefit of the deferred tax asset to be realized, the carrying amount of the deferred tax asset is reversed and recognized in the profit or loss. In addition, as stated in Note (VI) 22, at the beginning and the end of the year, it was uncertain whether the Group could obtain sufficient taxable profits in the future, some deductible losses and deductible temporary differences were not recognized as deferred tax assets.

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

1. Information of subsidiaries

(1) Subsidiaries established or acquired through investments

SAIC MOTOR CORPORATION LIMITED

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IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS - continued**1. Information of subsidiaries - continued**

(2) Subsidiaries acquired through business combinations involving enterprises under common control - continued

Note 1: The Company holds 98.59% equity interest in SFC and SAIS holds the remaining 1.41%. Therefore, the Group holds the entire 100% equity interest in SFC.

Note 2: The Company held 51% equity interest in Shenlian directly and 49% equity interest through Pengpu indirectly. During the year, equity interest of Shenlian held by the Company and Pengpu was transferred to SMCV.

Note 3: The Company held 37.50% equity interest in DIAS directly and 59.38% equity interest through CN United. During the year, the Company made additional capital contribution of RMB 54,000,000.00 in DIAS unilaterally. After the capital contribution, direct proportion of shareholding was increased to 60% while indirect proportion of shareholding was decreased to 38%.

Note 4: During the year, the Company transferred 100% equity interest in Shanghai Venture Capital Co., Ltd. to SAIC Motor Equity Investment Co., Ltd., the Company's subsidiary.

Note 5: The Company held 35% equity interest in Nanjing Tooling directly and 30% equity interest through Donghua indirectly. During the year, the Company acquired 35% equity interest of Nanjing Tooling held by the third party. Henceforth, the Company holds 70% equity interest in Nanjing Tooling directly and the Group holds 100% equity interest.

(3) Subsidiaries acquired through a business combination not involving enterprises under common control

Full name of the subsidiary	Place of incorporation	Registered capital		Business scope	Equity interest held at the year-end (%)		Consolidated or not
		Currency	'000		Directly	Indirectly	
Shanghai Diesel Engine Co., Ltd. ("Shanghai Diesel")(Note)	Shanghai, China	RMB	869,093	Manufacturing and sales of diesel engines and components	47.92	-	Yes
Shanghai Huizhong Automobile Manufacturing Co., Ltd. ("Huizhong")	Shanghai, China	RMB	1,488,596	Manufacturing and sales of chassis and components	100.00	-	Yes
Nanjing Automobile (Group) Corporation ("NAGC")	Jiangsu, China	RMB	5,932,215	Development, manufacturing and sales of automobiles, engines and components	100.00	-	Yes
Nanjing Automobile Corporation (UK) Limited	Birmingham, UK	GBP	1	Manufacturing and sales of small buses, wagons, cars and related parts and components	-	100.00	Yes
MG Motor UK Limited ("MG UK")	Birmingham, UK	GBP	1	Research, development, manufacturing and sales of small buses, wagons, cars and related parts and components	-	100.00	Yes
Nanjing Nanya Motor Co., Ltd.	Jiangsu, China	RMB	1,409,470	Manufacturing and sales of small buses, wagons, cars and related parts and components	-	100.00	Yes

Note: During the current year, Shanghai Diesel completed non-public issue of 62,873,551 A shares to no more than ten specific investors, including the Company. After the non-public issue, proportion of the Company's shareholding was decreased from 50.32% to 47.92%, while the Company's control over Shanghai Diesel remained unchanged.

IV. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS - continued**2. Changes in the scope of consolidation**

(1) Shanghai General Motors Co., Ltd. (“SGM”) and its subsidiaries were no longer included in the scope of consolidation after partial disposal

SGM was the subsidiary of the Group, whereas the Company held 50% of SGM’s equity interest directly and 1% through SAIC HK indirectly, totally 51%, and Group had control over SGM. SGM has three subsidiaries, i.e. Shanghai GM Dong Yue Motors Co., Ltd. (“GMDY”), Shanghai GM Dong Yue Automotive Powertrain Co., Ltd. (“DYPT”) and Shanghai GM (Shenyang) Norsom Motors Co., Ltd. (“Norsom”). SGM and its subsidiaries were originally included in the scope of the consolidated financial statements of the Group.

SAIC HK transferred 1% SGM’s equity interest to General Motors China, Inc. (“GM China”) during the year and the joint venture contract and articles of association were revised accordingly. Thus, the Group lost control over SGM and its three subsidiaries henceforth. SGM and its subsidiaries are no longer included in the scope of consolidated financial statements of the Group since September 1, 2012, details are set out in Note (XI)1(1).

(2) The Company established Jineng, a subsidiary, during the year and Jineng was included in the scope of the consolidated financial statements since the establishment date.

(3) Shanghai Yanfeng Johnson Seating Co., Ltd. (“Johnson Seating”), a subsidiary of the Company, obtained control over Shanghai Yanfeng Johnson Controls Industry Co., Ltd. (“Johnson Industry”), which was Jonson Seating’s jointly controlled entity (hereinafter referred to as “JCE”), and has included it in the scope of the consolidated financial statements. Details are set out in Note(XI)1(2).

Except for the events stated above, there were no other major changes of the scope of consolidation during the current year.

V. TAXES

Major categories of taxes and tax rates of the Group:

Category of tax	Basis of tax computation	Tax rate
Value-Added Tax (“VAT”)	Sales of good and rendering of services	6%, 11%, 13%, 17% (Note 1)
Consumption tax	Sales of automobiles by vehicle manufacturer	1% - 40%
Business tax	Taxable revenue	3%, 5% - 20%
Enterprise income tax	Taxable income	Note 2

Note1: According to “Provisional Regulations of the People’s Republic of China on VAT” approved by the 34th executive meetings of the State Council on November 5, 2008, sales of goods, provision of processing, repairs and replacement services, and import of goods in the territory of the People’s Republic of China are subject to VAT at 17% or 13%.

Besides, according to “Business Tax to VAT Transformation Pilot Program” (Cai Shui No.[2011]110) and “Notice on the Pilot Program of Business Tax to VAT Transformation in Transportation Industry and Certain Modern Service Industries in Shanghai” (Cai Shui No.[2011]111), which were jointly released by the Ministry of Finance and State Taxation Administration on November 26, 2011. The pilot program of VAT is effective from January 1, 2012 and was firstly launched in Shanghai for transportation industry and certain modern service. The nationwide pilot program will be launched for selected industries when circumstance allows.

V. TAXES - continued

Note 1: - continued

On July 31, 2012, the Ministry of Finance and State administration of Tax jointly issued "Notice on the Pilot Program of Business Tax to VAT Transformation in Transportation Industry and Certain Modern Service Industries in 8 Provinces and Cities of China including Beijing" (Cai Shui No.[2012] 71). The Notice expanded the pilot program for transportation industry and certain modern service industries from Shanghai to 8 provinces (municipalities). The pilot program was launched in from September 1, 2012, in Jiangsu Province and Anhui Province from October 1, 2012, in Fujian Province and Guangdong Province from November 1, 2012 and in Tianjin Province, Zhejiang Province and Hubei Province from December 1, 2012.

During the pilot period, applicable tax rate for tangible properties leasing service is 17%, applicable tax rate for transportation industry and construction industry is 11%, applicable tax rate of other modern service industry (except tangible properties leasing service) is 6%.

Note 2: Enterprise income tax (hereinafter referred to as "EIT") rates of the Company and major subsidiaries of the current year are as follows:

- (1) According to "Enterprise Income Tax Law of the People's Republic of China" promulgated on March 16, 2007 (hereinafter referred to as "New EIT Law") and other related regulations, the Company was recognized as a High-Technology Enterprise which was qualified to get the state's special support. From 2008 to 2010, applicable income tax rate for the Company was 15%. In 2011, the Company passed the review for High-Technology Enterprise and has obtained the certificate with No. GF201131000554 (dated at October 20, 2011 with 3 years' validity). Therefore, the applicable income tax rate for the Company is 15% for the current year.
- (2) SGMW is located in Liuzhou, Guangxi, which is covered in grand western development area. According to the "Circular on the Issues Concerning Related Tax Policies for the In-depth Implementation of the West Development Strategy" (Cai Shui[2011]No. 58), from January 1, 2011 to December 31, 2020, companies of encouraged industries in western China are entitled to concessionary EIT rate of 15%. However, the "Catalogue of Enterprises of Encouraged Industries" (hereinafter referred to as "New Catalogue") mentioned by the regulation has not been published before the issue date of the financial statements. According to "2011 Catalogue for the Guidance of Foreign Investment Industries (revised draft)" published by the State Council in December 2012, the automobile industry was removed from the catalogue (the automobile industry was included in the 2007 version catalogue). Considering the development trend of automotive industry in China, the threshold of encouragement for joint ventures producing traditional energy vehicles has been higher year by year. Therefore, it's uncertain whether the New Catalogue will still contain automobile industry, especially joint ventures of automobile industry. Before the publishing of the New Catalogue, SGMW prepared the tax return using the EIT rate of 15% for year 2012 according to the relevant provisions in the Announcement [2012] No.12 issued by the State Administration of Taxation and as confirmed by tax authorities. If SGMW is ineligible for the concessionary income tax rate, income tax will be recalculated according to the EIT law. SGMW has considered the effect of the uncertainty on EIT rates, thus it has estimated the effect of uncertainty and recognized related liabilities by applying the highest EIT rate.
- (3) According to the New EIT Law and other relevant regulations, SAIC Transmission and Shanghai Diesel were recognized as High-Technology Enterprises which was qualified to get the state's special support in 2008. From 2008 to 2010, applicable income tax rate for such companies was 15%. In 2011, these companies passed the review for High-Technology Enterprise and obtained the certificates. Therefore, these companies are subjected to the EIT rate of 15% for the current year.
- (4) Huizhong was recognized as High-Technology Enterprises which was qualified to get the state's special support in 2009, and was entitled for enjoying EIT rate of 15% from 2009 to 2011. In 2012, Huizhong passed the review for High-Technology Enterprise and obtained the certificates. Therefore, Huizhong is subjected to the EIT of 15% for the current year.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

V. TAXES - continued

Note 2: EIT rates of the Company and major subsidiaries of the current year were as follows: - continued

- (5) According to the New EIT Law, SVW Sales, SGM Sales, SFC, CN United, NAGC, HASCO, SMCV, Anji Logistics, SAIS and SACO are subject to the EIT rate of 25%.
- (6) Income tax rates of the foreign subsidiary for the current year follow tax law in their respective tax jurisdictions.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Cash and bank balances

Item	December 31, 2012			December 31, 2011		
	Foreign currency	Exchange rate	Amount in RMB	Foreign currency	Exchange rate	Amount in RMB
Cash:						
RMB			7,784,381.70			7,377,173.37
Others			447,865.24			529,229.98
Sub-total			8,232,246.94			7,906,403.35
Bank balances:						
RMB			42,177,570,793.22			59,195,967,938.61
USD	538,361,111.72	6.2855	3,383,868,767.72	275,535,836.56	6.3009	1,736,123,752.58
GBP	8,576,408.32	10.1611	87,145,742.58	7,215,601.04	9.7116	70,075,031.06
EUR	18,888,148.31	8.3176	157,104,062.38	21,844,032.58	8.1625	178,301,915.93
JPY	2,958,011,921.72	0.0730	215,934,870.29	970,969,145.00	0.0811	78,745,597.66
HKD	55,690,778.32	0.8109	45,159,652.14	115,047,989.73	0.8107	93,269,405.27
Others			28,776,286.75			10,190,036.26
Sub-total			46,095,560,175.08			61,362,673,677.37
Other currencies:						
RMB			14,741,731,227.03			10,787,942,743.54
USD	119,763.09	6.2855	752,770.90	6,470.98	6.3009	40,773.00
EUR	13,652.32	8.3176	113,554.54	282.43	8.1625	2,305.33
Others			35,947.27			-
Sub-total			14,742,633,499.74			10,787,985,821.87
Total			60,846,425,921.76			72,158,565,902.59

Details for restricted bank balances are as follows:

Unit: RMB

Item	December 31, 2012	December 31, 2011
Bank balances		
-Pledged for bank acceptances	1,102,026,095.34	1,783,203,593.18
-Pledged for customs	194,530,000.00	-
-Pledged for loans	67,315,811.00	155,633,410.33
-Pledged for letters of credit, etc.	40,517,734.78	164,680,513.27
-Others	7,749,697.57	11,002,106.30
Other currencies		
-SFC's restricted deposits at the People's Bank of China (Note)	12,333,837,157.95	10,261,762,601.90
-Deposits for bank draft	302,481,689.00	254,681,224.88
-Others	103,828.78	324,578.95
Total	14,048,562,014.42	12,631,288,028.81

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

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

2. Held-for-trading financial assets

Unit: RMB

Item	Fair value at December 31, 2012	Fair value at December 31, 2011
Investment in equity instruments for trading	38,996,969.00	15,576,103.90
Investment in bonds for trading	3,842,786.99	98,631,900.00
Open-ended fund	-	634,266,092.55
Derivative financial assets	-	2,963,696.04
Others	-	7,600,000.00
Total	42,839,755.99	759,037,792.49

3. Notes receivable

Unit: RMB

Item	December 31, 2012	December 31, 2011
Bank acceptances	24,535,888,737.98	39,820,345,958.16
Commercial acceptances	406,829,635.69	328,918,992.20
Total	24,942,718,373.67	40,149,264,950.36

- (1) There were no notes receivable balances are due from shareholders holding more than 5% (inclusive) of the Company's voting rights.
- (2) Notes receivable balances due from related parties are set out in Note (VII)6(1).
- (3) At the year-end, bank acceptances of RMB 702,849,064.00 (2011: RMB 1,120,589,612.00) were pledged as collateral to issue bank acceptances.

4. Accounts receivable

- (1) Aging analysis of accounts receivable is as follows:

Unit: RMB

Aging	December 31, 2012				December 31, 2011			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1 year	15,229,273,818.08	96.01	48,775,554.66	15,180,498,263.42	11,854,436,369.70	95.72	88,877,500.33	11,765,558,869.37
1-2 years	318,548,796.42	2.01	103,651,531.29	214,897,265.13	219,074,832.89	1.77	42,424,777.88	176,650,055.01
2-3 years	50,456,127.03	0.32	24,172,893.91	26,283,233.12	38,905,975.83	0.31	17,059,375.94	21,846,599.89
Over 3 years	264,306,898.50	1.66	258,132,418.10	6,174,480.40	272,582,142.15	2.20	266,223,143.36	6,358,998.79
Total	15,862,585,640.03	100.00	434,732,397.96	15,427,853,242.07	12,384,999,320.57	100.00	414,584,797.51	11,970,414,523.06

- (2) Disclosure of accounts receivable by categories:

Unit: RMB

Category	December 31, 2012				December 31, 2011			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Receivables for individually significant items and with individual provision for bad debts	-	-	-	-	-	-	-	-
Receivables for individually non-significant items but individual provision for bad debts	-	-	-	-	10,243,077.33	0.08	9,807,637.21	2.37
Receivables with provision for bad debts on aging combination								
Within 1 year	15,229,273,818.08	96.01	48,775,554.66	11.22	11,854,409,678.70	95.72	88,877,500.33	21.44
1-2 years	318,548,796.42	2.01	103,651,531.29	23.84	216,917,940.89	1.75	40,605,403.65	9.79
2-3 years	50,456,127.03	0.32	24,172,893.91	5.56	37,234,838.34	0.30	15,459,469.80	3.73
Over 3 years	264,306,898.50	1.66	258,132,418.10	59.38	266,193,785.31	2.15	259,834,786.52	62.67
Sub-total	15,862,585,640.03	100.00	434,732,397.96	100.00	12,374,756,243.24	99.92	404,777,160.30	97.63
Total	15,862,585,640.03	100.00	434,732,397.96	100.00	12,384,999,320.57	100.00	414,584,797.51	100.00

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**4. Accounts receivable - continued**

- (3) Accounts receivable balances due from shareholders holding more than 5% (inclusive) of the Company's voting rights are set out in Note(VII)6(2).
- (4) Accounts receivable balances due from related parties are set out in Note(VII)6(2).
- (5) At the year-end, accounts receivable of RMB 375,987,500.00 were pledged to banks as collateral for loans are set out in Note(VI)25.
- (6) Top five balances of accounts receivable:

Unit: RMB

Name	Relationship with the Group	Amount	Aging	Proportion to total accounts receivable (%)
Company 1	JCE	2,411,823,483.63	Within 1 year	15.21
Company 2	JCE	1,204,516,723.67	Within 1 year	7.59
Company 3	JCE	1,057,847,286.27	Within 1 year	6.67
Company 4	Associate	807,117,124.00	Within 1 year	5.09
Company 5	JCE	306,303,940.97	Within 1 year	1.93
Total		5,787,608,558.54		36.49

5. Prepayments

- (1) Aging analysis of prepayments is as follows:

Unit: RMB

Aging	December 31, 2012		December 31, 2011	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	19,826,969,181.56	99.25	12,604,346,698.76	98.87
1-2 years	100,538,690.22	0.50	101,006,230.64	0.79
2-3 years	29,492,641.21	0.15	14,674,547.08	0.12
Over 3 years	20,600,927.38	0.10	27,955,030.76	0.22
Total	19,977,601,440.37	100.00	12,747,982,507.24	100.00

- (2) Top five balances of prepayments:

Unit: RMB

Name	Relationship with the Group	Amount	Aging
Company 1	JCE	15,742,070,138.45	Within 1 year
Company 2	Third party	325,210,351.80	Within 1 year
Company 3	Third party	261,492,528.85	Within 1 year
Company 4	Third party	230,584,300.00	Within 1 year
Company 5	Third party	230,380,277.41	Within 1 year
Total		16,789,737,596.51	

- (3) There were no prepayments balances are due from shareholders holding more than 5% (inclusive) of the Company's voting rights.
- (4) Prepayments balances paid to related parties are set out in Note(VII)6(3).

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

6. Dividends receivable

Unit: RMB

Item	December 31, 2012	December 31, 2011
Dividends receivable due from JCEs	5,975,688,057.92	255,163,672.47
Dividends receivable due from associates	10,689,191.23	29,041,770.00
Total	5,986,377,249.15	284,205,442.47

Dividends receivable balances due from related parties are set out in Note(VII)6(4).

7. Other receivables

(1) Aging analysis for other receivables is as follows:

Unit: RMB

Aging	December 31, 2012				December 31, 2011			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1 year	3,967,420,373.81	93.52	251,066,935.74	3,716,353,438.07	1,169,013,733.93	78.72	7,331,999.38	1,161,681,734.55
1-2 years	133,932,766.28	3.16	7,704,219.28	126,228,547.00	84,884,957.38	5.72	12,751,988.74	72,132,968.64
2-3 years	14,103,903.59	0.33	3,161,744.96	10,942,158.63	14,351,713.73	0.97	4,338,902.89	10,012,810.84
Over 3 years	126,792,267.00	2.99	76,957,701.36	49,834,565.64	216,749,765.05	14.59	147,998,384.40	68,751,380.65
Total	4,242,249,310.68	100.00	338,890,601.34	3,903,358,709.34	1,485,000,170.09	100.00	172,421,275.41	1,312,578,894.68

(2) Disclosure of other receivables by categories:

Unit: RMB

Category	December 31, 2012				December 31, 2011			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Other receivables for individually significant items and with individual provision for bad debts	295,781,894.53	6.97	264,938,880.23	78.18	135,843,359.11	9.15	106,420,344.81	61.72
Receivables for individually non-significant items but individual provision for bad debts	-	-	-	-	-	-	-	-
Other receivables with provision for bad debts on aging combination								
Within 1 year	3,735,481,838.39	88.05	20,548,400.32	6.07	1,169,013,733.93	78.72	7,331,999.38	4.25
1-2 years	133,932,766.28	3.16	7,704,219.28	2.27	84,884,957.38	5.72	12,751,988.74	7.40
2-3 years	14,103,903.59	0.33	3,161,744.96	0.93	14,351,713.73	0.97	4,338,902.89	2.52
Over 3 years	62,948,907.89	1.49	42,537,356.55	12.55	80,906,405.94	5.44	41,578,039.59	24.11
Sub-total	3,946,467,416.15	93.03	73,951,721.11	21.82	1,349,156,810.98	90.85	66,000,930.60	38.28
Total	4,242,249,310.68	100.00	338,890,601.34	100.00	1,485,000,170.09	100.00	172,421,275.41	100.00

(3) There were no other receivables balances are due from shareholders holding more than 5% (inclusive) of the Company's voting rights.

(4) Other receivables due from related parties are set out in Note (VII) 6(5).

(5) Top five balances of other receivables:

Unit: RMB

Name	Relationship with the Group	Amount	Aging	Proportion to total other receivables (%)
Company 1	JCE	2,143,454,058.15	Within 1 year	50.52
Company 2	Third party	349,368,470.01	Within 1 year	8.24
Company 3	Third party	86,838,025.64	Within 1 year	2.05
Company 4	Third party	86,130,201.57	Within 1 year	2.03
Company 5	Third party	83,012,386.61	Within 1 year	1.96
Total		2,748,803,141.98		64.80

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

8. Inventories

(1) Categories of inventories

Unit: RMB

Categories of inventories	December 31, 2012			December 31, 2011		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Raw materials	3,976,911,668.02	695,967,521.24	3,280,944,146.78	8,674,842,755.57	836,491,234.88	7,838,351,520.69
Work-in-process	1,000,327,269.22	55,751,150.40	944,576,118.82	1,329,071,488.96	44,216,487.62	1,284,855,001.34
Finished goods	21,324,094,087.52	598,811,266.97	20,725,282,820.55	20,517,790,361.56	384,115,864.93	20,133,674,496.63
Total	26,301,333,024.76	1,350,529,938.61	24,950,803,086.15	30,521,704,606.09	1,264,823,587.43	29,256,881,018.66

(2) Provision for decline in value of inventories

Unit: RMB

Categories of inventories	December 31, 2011	Decrease due to the changes to the scope of consolidation	Provision	Decrease during the year		December 31, 2012
				Reversal	Write-off	
Raw materials	836,491,234.88	(124,476,114.65)	106,621,388.41	(39,448,223.02)	(83,220,764.38)	695,967,521.24
Work-in-process	44,216,487.62	-	27,178,749.18	(1,333,753.44)	(14,310,332.96)	55,751,150.40
Finished goods	384,115,864.93	(170,451,399.99)	527,381,661.70	(46,957,168.58)	(95,277,691.09)	598,811,266.97
Total	1,264,823,587.43	(294,927,514.64)	661,181,799.29	(87,739,145.04)	(192,808,788.43)	1,350,529,938.61

(3) Provision for decline in value of inventories

Item	Basis of provision for decline in value of inventories	Reason for reversal of provision
Raw materials	Lower of cost or net realizable value	Recovery of gross margin ratio
Work-in-process	Lower of cost or net realizable value	Recovery of gross margin ratio
Finished goods	Lower of cost or net realizable value	Recovery of gross margin ratio

9. Non-current assets due within one year

Unit: RMB

	December 31, 2012	December 31, 2011
Long-term loans due within one year (Note(VI)11)	6,435,094,902.84	3,656,429,060.48
Long-term receivables due within one year (Note(VI)13)	1,044,335,360.68	993,204,140.30
Long-term entrusted loans due within one year (Note(VI)23)	-	120,000,000.00
Total	7,479,430,263.52	4,769,633,200.78

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**10. Other current assets**

Unit: RMB

Item	December 31, 2012	December 31, 2011
Wealth management products with principle protected or unprotected (Note 1)	12,440,443,883.56	8,360,923,147.25
Short-term loans issued by SFC	10,743,357,065.38	8,460,775,334.96
Receivables investment of SFC(Note 2)	1,351,523,406.34	494,542,910.40
Short-term entrusted loans	816,200,000.00	376,300,000.00
Discount held by SFC	316,372,324.40	107,571,104.63
Prepaid and deferred costs	163,840,020.24	188,035,627.40
Sub-total	25,831,736,699.92	17,988,148,124.64
Less: Impairment loss on loans	286,586,700.46	214,228,250.04
Total	25,545,149,999.46	17,773,919,874.60

Note 1: At the year-end, the balances represent a variety of short-term bank wealth-management products held by the Group.

Note 2: At the year-end, the balances represent short-term certificated bonds held by SFC.

11. Loans and advances

Unit: RMB

Item	December 31, 2012	December 31, 2011
Long-term loans issued by SFC	13,366,019,629.70	8,869,223,716.55
Less: Impairment loss on loans	334,150,490.74	221,730,592.92
Net book value of long-term loans issued	13,031,869,138.96	8,647,493,123.63
Less: Long-term loans due within one year (Note(VI)9)	6,435,094,902.84	3,656,429,060.48
Long-term loans due after one year	6,596,774,236.12	4,991,064,063.15

12. Available-for-sale financial assets**(1) Available-for-sale financial assets**

Unit: RMB

Item	December 31, 2012	December 31, 2011
Available-for-sale bonds (Note 1)	995,882,878.00	1,199,316,538.00
Available-for-sale equity instruments	10,766,606,785.64	8,709,850,654.37
Others (Note 2)	9,145,092,085.03	4,061,906,704.61
Total	20,907,581,748.67	13,971,073,896.98

Note 1: At the year-end, the balances represent financial bonds and corporate bonds held by SFC.

Note 2: At the year-end, the balances are mainly funds held by SFC.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**12. Available-for-sale financial assets - continued**

(2) Impairment loss on available-for-sale financial assets

Unit: RMB

Item	December 31, 2011	Increase during the year	December 31, 2012
Impairment loss on available-for-sale equity instruments (Note)	-	652,323,606.66	652,323,606.66

Note: The provision represents the impairment loss recognized for stock of General Motor Company held by the Group. The cumulative loss arising from decline in fair value previously recognized directly in capital reserve was reclassified from the capital reserve-other comprehensive income to impairment loss.

(3) Long-term debenture investments in available-for-sale financial assets

Unit: RMB

Item	Book value	Initial investment cost	Due date	Balance at December 31, 2012
Enterprise bonds	922,000,000.00	922,000,000.00	Year 2016 - Year 2018	962,494,508.00

13. Long-term receivables

(1) Long-term receivables

Unit: RMB

	December 31, 2012	December 31, 2011
Finance lease receivables (Note)	1,874,979,439.97	2,091,935,711.99
Long-term receivables arising from assets transfer	407,295,052.88	393,453,382.02
Others	-	1,748,088.00
Sub-total	2,282,274,492.85	2,487,137,182.01
Less: Long-term assets due within one year (Note(VI)9)	1,044,335,360.68	993,204,140.30
Long-term assets due after one year	1,237,939,132.17	1,493,933,041.71

Note: At the year-end, finance lease receivables of RMB 1,384,230,273.37 were pledged to banks as collateral for loans, see Note(VI)25 and 39 for details.

(2) Finance leases receivables

Unit: RMB

	December 31, 2012	December 31, 2011
Finance lease - Minimum lease receipts	2,149,065,680.50	2,451,699,560.60
Less: Unearned financial income	242,814,520.60	335,207,869.44
Finance lease receivables	1,906,251,159.90	2,116,491,691.16
Less: Bad debts provision for finance lease receivables	31,271,719.93	24,555,979.17
Net value of finance lease receivables	1,874,979,439.97	2,091,935,711.99
Less: Finance lease receivables due within one year	857,735,225.68	890,804,050.30
Finance lease receivables due after one year	1,017,244,214.29	1,201,131,661.69

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2012

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

14. Investments in JCEs and associates

The Group's main JCEs and associates are as follows:

Name of the organization invested	Place of registration	Business nature	Registered capital		Equity interest held at year-end		Total assets at year-end	Total liabilities at year-end	Net assets at year-end	Operating income for the year
			Currency	'000	Directly	Indirectly	RMB'000	RMB'000	RMB'000	RMB'000
Shanghai Volkswagen Automotive Co., Ltd.	Shanghai, China	Manufacturing and sales of automobiles and spare parts	RMB	11,500,000	50.00	-	79,955,175	47,226,041	32,729,134	171,566,246
Shanghai General Motors Co., Ltd.	Shanghai, China	Manufacturing and sales of automobiles and spare parts	USD	1,083,000	50.00	-	61,302,575	37,186,183	17,545,804	145,058,743
Shanghai GM Dong Yue Motors Co., Ltd.	Shandong, China	Design, development and sales of spare parts	RMB	1,678,000	25.00	25.00	10,491,874	7,445,963	3,045,911	27,631,743
Shanghai GM Dong Yue Powertrain Co., Ltd.	Shandong, China	Design, development and sales of spare parts	RMB	3,495,780	25.00	25.00	10,049,591	3,900,207	6,149,384	13,113,703
Shanghai GM (Shenyang) Norsom Motors Co., Ltd.	Liaoning, China	Manufacturing and sales of spare parts	USD	227,000	25.00	25.00	13,181,436	9,235,556	3,945,880	31,035,461
Volkswagen Transmission (Shanghai) Co., Ltd.	Shanghai, China	Manufacturing and sales of spare parts	USD	47,000	20.00	-	1,257,903	286,930	970,973	1,371,268
Pan Asia Technical Automotive Center Co., Ltd.	Shanghai, China	Automobile development business services	USD	69,000	50.00	-	1,816,302	1,008,521	807,781	2,169,005
Shanghai Volkswagen Powertrain Co., Ltd.	Shanghai, China	Manufacturing and sales of spare parts	RMB	1,508,300	40.00	-	5,895,894	2,628,350	3,267,544	6,594,796
Shanghai Jieneng Automotive Technology Co., Ltd. (Note 1)	Shanghai, China	R&D of automobile technology	RMB	600,000	10.00	-	45,925	539,308	(493,383)	-
Shanghai Advanced Traction Battery Systems Co., Ltd.	Shanghai, China	R&D and manufacturing of automobile storage battery systems and modules	USD	9,500	51.00	-	153,075	141,492	11,583	53,312
Shanghai Sunwin Bus Co., Ltd.	Shanghai, China	Manufacturing and sales of coaches & components	USD	54,220	50.00	-	1,666,403	1,337,941	328,462	1,472,469
SAIC Iveco Commercial Vehicle Investment Co., Ltd.	Shanghai, China	Production and sales of commercial vehicles	USD	160,000	50.00	-	5,058,231	4,451,963	466,771	5,172,050
Shanghai Boze Auto Parts Co., Ltd.	Shanghai, China	Manufacturing and sales of vehicle door module system	USD	10,000	-	40.00	849,098	492,841	356,257	2,024,322
Shanghai ZF Steering System Co., Ltd.	Shanghai, China	Manufacturing and sales of Automobile steering device and related components	USD	69,520	-	49.00	3,738,872	2,250,645	1,488,227	5,914,490
Shanghai GKN Drive Shaft Co., Ltd.	Shanghai, China	Manufacturing and sales of constant velocity universal joint and constant velocity drive shaft	EUR	89,250	-	35.00	3,374,086	1,245,350	2,128,736	5,360,862
Shanghai Koito Automotive Lamp Co., Ltd.	Shanghai, China	Manufacturing and sales of automotive electronics systems and automotive lighting electronic components	JPY	7,400,000	-	50.00	3,269,334	2,047,624	1,168,319	6,560,063
Yapp Automotive Parts Co., Ltd.	Yangzhou, China	Manufacturing and sales of automotive plastic fuel tank	RMB	129,412	-	33.90	2,370,465	1,350,341	998,843	3,422,596
Nanjing Iveco Automobile Co., Ltd.	Jiangsu, China	Manufacturing and sales of automobiles & spare parts	RMB	2,527,000	-	50.00	7,303,094	4,164,958	3,138,136	9,118,355
GMAC-SAIC Automotive Finance Co., Ltd. (Note 2)	Shanghai, China	Financial services of car sales	RMB	1,500,000	-	50.00	40,012,579	34,321,065	5,691,514	3,032,147
United Automotive Electronic Systems Co., Ltd.	Shanghai, China	Manufacturing and sales of engine management systems	RMB	1,200,000	-	49.00	7,382,128	3,988,305	3,393,823	9,052,319

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**14. Investments in JCEs and associates - continued**

Note 1: Shanghai Jieneng Automotive Technology Co., Ltd. (“Jieneng”) is a limited liability company jointly invested and established by the Company and SAIC. The Company and SAIC contributed 10% and 90% of the total registered capital of Jieneng, respectively. Jieneng is considered as a JCE of the Company according to the Articles of Association of Jieneng, which specified that significant financial and operating decisions shall be agreed by both parties.

Note 2: SFC, a subsidiary of the Company, holds 40% shares of total shares of this company, and SGM, a JCE of the Company, holds 20% shares of total shares of this company and this company is jointly controlled by all investors.

There are no significant differences between the accounting policies and accounting estimates adopted by JCEs and associates and those adopted by the Company.

15. Long-term equity investments

Unit: RMB

	December 31, 2012	December 31, 2011
Long-term equity investments accounted for using equity method		
- Investments in JCEs and associates	45,788,916,921.27	31,286,211,647.83
- Elimination of unrealized profit, etc.	(421,534,746.93)	(158,527,727.54)
Sub-total	45,367,382,174.34	31,127,683,920.29
Long-term equity investments accounted for using cost method	693,344,810.06	1,102,860,814.57
Total	46,060,726,984.40	32,230,544,734.86
Less: Impairment	577,532,962.74	977,217,815.30
Net book value	45,483,194,021.66	31,253,326,919.56

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Long-term equity investments - continued

Details of long-term equity investment are as follows:

Unit: RMB

Invested companies	Accounting method	December 31, 2011	Increase (decrease) during the year	December 31, 2012	Equity interest held by the Company as of the year end (%)		Impairment at the year-end	Provision for impairment for the year
					Directly	Indirectly		
JCEs and associates								
Shanghai Volkswagen Automotive Co., Ltd.	Equity method	15,878,298,968.94	486,268,430.59	16,364,567,399.53	50.00	-	-	-
Shanghai General Motors Co., Ltd. (Note 1)	Equity method	-	9,000,875,078.15	9,000,875,078.15	50.00	-	-	-
Shanghai GM Dong Yue Motors Co., Ltd. (Note 1)	Equity method	-	761,477,807.97	761,477,807.97	25.00	25.00	-	-
Shanghai GM Dong Yue Powertrain Co., Ltd. (Note 1)	Equity method	-	1,537,345,934.91	1,537,345,934.91	25.00	25.00	-	-
Shanghai GM (Shenyang) Norsom Motors Co., Ltd. (Note 1)	Equity method	-	986,470,096.63	986,470,096.63	25.00	25.00	-	-
Pan Asia Technical Automotive Center Co., Ltd.	Equity method	363,136,706.65	42,186,569.03	405,323,275.68	50.00	-	-	-
Shanghai Sunwin Bus Co., Ltd.	Equity method	163,855,485.70	2,079,150.59	165,934,636.29	50.00	-	-	-
SAIC Iveco Commercial Vehicle Investment Co., Ltd.	Equity method	370,391,339.22	(136,050,568.13)	234,340,771.09	50.00	-	-	-
Shanghai Jieneng Automotive Technology Co., Ltd. (Note 2)	Equity method	12,569,664.97	(12,569,664.97)	-	10.00	-	-	-
Shanghai Advanced Traction Battery Systems Co., Ltd.	Equity method	20,474,359.77	(14,525,350.23)	5,949,009.54	51.00	-	-	-
GMAC-SAIC Automotive Finance Co., Ltd. (Note 3)	Equity method	2,570,139,865.54	(293,534,457.42)	2,276,605,408.12	-	50.00	-	-
Shanghai Onstar Telematics Co., Ltd. (Note 3)	Equity method	45,085,869.58	82,022.22	45,167,891.80	-	50.00	-	-
ZF Transmissions Shanghai Co., Ltd.	Equity method	209,852,989.20	(17,027,129.23)	192,825,859.97	-	49.00	-	-
Shanghai SAIC Magneti Marelli Powertrain Co., Ltd.	Equity method	42,975,951.72	572,495.82	43,548,447.54	-	50.00	-	-
United Automotive Electronic Systems Co., Ltd.	Equity method	1,775,684,240.87	(112,711,186.90)	1,662,973,053.97	-	49.00	-	-
Nanjing Iveco Automobile Co., Ltd.	Equity method	1,571,203,632.72	270,120.03	1,571,473,752.75	-	50.00	-	-
Nanjing KunTu Automobile Decoration Co., Ltd. (Note 4)	Equity method	398.86	(398.86)	-	-	-	-	-
SAIC General Motors Investments Co., Ltd. (Note 5)	Equity method	-	-	-	-	9.20	-	-
Shanghai Edscha Machinery Co., Ltd.	Equity method	99,203,879.81	(4,672,738.33)	94,531,141.48	-	50.00	-	-
Tianjin Zhongxing Auto Parts Co., Ltd.	Equity method	25,207,682.04	(860,113.83)	24,347,568.21	-	50.00	-	-
Contitech Fluid Shanghai Co., Ltd.	Equity method	21,859,750.46	1,328,613.97	23,188,364.43	-	49.00	-	-
Shanghai Inteva Automotive Parts Co., Ltd.	Equity method	64,964,882.25	32,523,372.88	97,488,255.13	-	50.00	-	-
Shanghai TRW Automotive Safety Systems Co., Ltd.	Equity method	175,209,768.59	37,549,897.63	212,759,666.22	-	50.00	-	-
Shanghai ZF Steering System Co., Ltd.	Equity method	516,250,605.45	212,980,669.87	729,231,275.32	-	49.00	-	-
Shanghai Koito Automotive Lamp Co., Ltd.	Equity method	548,863,841.09	35,295,883.76	584,159,724.85	-	50.00	-	-
Kolbenschmidt shanghai piston Co., Ltd.	Equity method	142,837,180.78	33,894,613.36	176,731,794.14	-	50.00	-	-
Shanghai Valeo Automotive Electrical Systems Co., Ltd.	Equity method	294,520,796.43	25,935,986.54	320,456,782.97	-	50.00	-	-
Shanghai Kolbenschmidt Pierburg Shanghai Nonferrous Components Co., Ltd.	Equity method	265,968,672.77	41,107,717.11	307,076,389.88	-	50.00	-	-
Shanghai GKN Drive Shaft Co., Ltd.	Equity method	701,909,985.22	43,147,486.82	745,057,472.04	-	35.00	-	-
Huayu-Cooper Standard Sealing Systems Co., Ltd.	Equity method	162,725,609.75	5,599,137.79	168,324,747.54	-	47.50	-	-
Shanghai Sachs Powertrain Components Parts System Co., Ltd.	Equity method	132,889,071.09	(7,903,314.13)	124,985,756.96	-	50.00	-	-
Shanghai Behr Thermal System Co., Ltd.	Equity method	185,796,273.99	42,782,053.96	228,578,327.95	-	50.00	-	-
Yan Feng Gabriel (Shanghai) Automotive Safety Systems Co., Ltd.	Equity method	166,605,273.00	22,983,730.00	189,589,003.00	-	50.10	-	-
Yanfeng Plastic Omnium Automotive Exterior Trimming System Co., Ltd.	Equity method	365,358,780.00	50,596,302.00	415,955,082.00	-	50.05	-	-
Chongqing Xugang Electronic Co., Ltd.	Equity method	39,018,573.00	3,539,222.00	42,557,795.00	-	50.00	-	-
Hua Dong Teksid Automotive Foundry Co., Ltd.	Equity method	213,927,533.58	9,902,945.41	223,830,478.99	-	50.00	-	-
Yanfeng Visteon India Automotive Trim Systems Pvt. Ltd.	Equity method	12,282,467.00	(3,574,773.00)	8,707,694.00	-	50.00	-	-

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2012

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Long-term equity investments - continued

Invested companies	Accounting Method	December 31, 2011	Increase (decrease) during the year	December 31, 2012	Equity interest held by the Group at the year-end (%)		Impairment at the year-end	Provision for impairment for the year
					Directly	Indirectly		
JCEs and associates – continued								
Dongfeng Johnson Controls Automotive Seating Co., Ltd. (Note 6)	Equity method	14,599,307.00	31,056,715.00	45,656,022.00	-	50.00	-	-
Shanghai ANJI-CEVA Automotive Logistics Co., Ltd.	Equity method	357,456,792.65	10,806,206.81	368,262,999.46	-	50.00	-	-
Anji Car Rental & Leasing Co., Ltd. (Note 6)	Equity method	142,895,430.82	39,108,280.80	182,003,711.62	-	50.00	-	-
Beijing SAIC Motor Joint Sales Co., Ltd.	Equity method	48,850,882.01	5,448,453.90	54,299,335.91	-	50.00	-	-
Beijing Zhongqi Lifa Automotive Sales Services Co., Ltd.	Equity method	3,467,397.30	(119,235.70)	3,348,161.60	-	49.00	-	-
Nanjing Dongwei Metal Products Co., Ltd.	Equity method	8,350,000.88	1,870,572.15	10,220,573.03	-	50.00	-	-
Nanjing Dongzhong Mechanical Assembly Co., Ltd.	Equity method	5,124,112.47	2,041,883.08	7,165,995.55	-	50.00	-	-
Shanghai Volkswagen Powertrain Co., Ltd.	Equity method	980,047,964.64	327,005,665.63	1,307,053,630.27	40.00	-	-	-
Volkswagen Transmission (Shanghai) Co., Ltd.	Equity method	144,949,152.04	49,245,507.02	194,194,659.06	20.00	-	-	-
China Automobile Development United Investment Co., Ltd.	Equity method	40,503,300.68	(481,286.84)	40,022,013.84	20.74	-	-	-
Sunrise Power Co., Ltd.	Equity method	44,081,007.92	354,709.35	44,435,717.27	34.19	-	-	-
Shanghai SanHe Automobile Plastic and Rubber Parts Co., Ltd.	Equity method	2,657,991.48	(295,007.37)	2,362,984.11	-	20.00	-	-
Shanghai No.1 Automotive Gear Factory Jiaohang Branch	Equity method	367,945.65	-	367,945.65	-	27.42	-	-
Shanghai Huizhong Sachs Shock absorber Co., Ltd.	Equity method	165,804,248.12	(25,115,365.97)	140,688,882.15	-	40.00	-	-
Shanghai ThyssenKrupp Presta HuiZhong Co., Ltd.	Equity method	125,953,628.84	13,234,608.77	139,188,237.61	-	40.00	-	-
Shanghai Benteler Huizhong Automotive Parts Co., Ltd. (Note 6)	Equity method	55,243,326.86	25,535,029.98	80,778,356.84	-	40.00	-	-
Shanghai Sanli-Huizhong Auto Parts Co., Ltd.	Equity method	108,654,374.22	25,486,360.33	134,140,734.55	-	40.00	-	-
Shanghai Zhongding Rubber Products Co., Ltd. (Note 4)	Equity method	6,744,517.48	(6,744,517.48)	-	-	30.00	-	-
Wuxi Yuejin Vehicle Trade Co., Ltd. (Note 2)	Equity method	-	-	-	-	20.00	-	-
Shanghai Mhi Turbocharger Co., Ltd.	Equity method	36,742,126.66	8,760,601.27	45,502,727.93	-	40.00	-	-
Shanghai SAIC Futong Investment Management Center	Equity method	25,480,000.00	-	25,480,000.00	-	49.00	-	-
Shanghai Zhongding Equipment Manufacture & Installation Co., Ltd. (Note 7)	Equity method	3,290,485.60	-	3,290,485.60	-	88.00	-	-
Shanghai Wanzhong Car Service Co., Ltd.	Equity method	12,492,750.20	(1,591,906.54)	10,900,843.66	-	49.00	-	-
Shanghai Tenneco Exhaust System Co., Ltd. (Note 8)	Equity method	183,355,971.53	(12,115,969.92)	171,240,001.61	-	45.00	-	-
Shanghai New Holland Agricultural Machinery Co., Ltd. (Note 6)	Equity method	22,458,930.65	5,221,150.03	27,680,080.68	-	40.00	27,680,080.68	7,680,080.68
Federal-Mogul Shanghai Bearing Co., Ltd.	Equity method	61,357,330.48	6,773,432.35	68,130,762.83	-	40.00	-	-
Shanghai Federal-Mogul Compound Material Co., Ltd.	Equity method	10,442,277.16	122,869.88	10,565,147.04	-	40.00	-	-
Yapp Automotive Parts Co., Ltd.	Equity method	293,744,340.54	44,863,481.37	338,607,821.91	-	33.90	-	-
Shanghai Aichi Forging Co., Ltd.	Equity method	122,618,273.84	11,342,929.73	133,961,203.57	-	40.00	-	-
Shanghai Neturen Co., Ltd.	Equity method	86,761,999.14	1,159,643.35	87,921,642.49	-	40.00	-	-
Shanghai Meridian Magnesium Products Co., Ltd.	Equity method	52,220,316.84	7,878,271.85	60,098,588.69	-	40.00	-	-
Shanghai Xingsheng Gasket Co., Ltd.	Equity method	17,070,324.71	2,617,246.66	19,687,571.37	-	40.00	-	-
Shanghai KangYi Auto & Tractor Accessory Co., Ltd.	Equity method	454,602.79	81,311.12	535,913.91	-	32.50	-	-
Shanghai Lao Pei Si Auto Parts Co., Ltd.	Equity method	475,248.41	119,212.20	594,460.61	-	30.00	-	-
Shanghai Boze Auto Parts Co., Ltd.	Equity method	135,788,667.97	(9,140,656.76)	126,648,011.21	-	40.00	-	-
Valeo Shanghai Automotive Electric Motors & Wiper System Co., Ltd.	Equity method	56,758,167.93	2,122,528.50	58,880,696.43	-	45.00	-	-
Shanghai Inteva Automotive Door Systems Co., Ltd.	Equity method	72,212,713.23	10,224,735.15	82,437,448.38	-	40.00	-	-
Shanghai LEAR STEC Automotive Parts Co., Ltd.	Equity method	68,830,225.86	7,315,274.36	76,145,500.22	-	45.00	-	-
Sanden (Suzhou) Precision Parts Co., Ltd.	Equity method	30,565,074.99	3,782,142.24	34,347,217.23	-	35.00	-	-

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Long-term equity investments - continued

Invested companies	Accounting method	December 31, 2011	Increase (decrease) during the year	December 31, 2012	Equity interest held by the Group at the year-end (%)		Impairment at year end	Provision for impairment for the year
					Directly	Indirectly		
JCEs and associates – continued								
Wuhan TACHI-S Johnson Controls Automotive Seat Co., Ltd.	Equity method	17,189,683.00	(1,495,122.00)	15,694,561.00	-	30.00	-	-
Dongfeng Visteon Automotive Trim Systems Co., Ltd.	Equity method	131,867,942.00	41,907,776.00	173,775,718.00	-	40.00	-	-
Continental Brake Systems (Shanghai) Co., Ltd.	Equity method	14,633,930.13	16,613,999.18	31,247,929.31	-	49.00	-	-
Shanghai Yanfeng Johnson Controls Industry Co., Ltd. (Note 9)	Equity method	157,119,422.00	(157,119,422.00)	-	-	100.00	-	-
Beijing Hainachuan Yanfeng Automotive Module System Co., Ltd.	Equity method	3,868,876.00	(1,055,704.00)	2,813,172.00	-	40.00	-	-
Shanghai Benz Co., Ltd.	Equity method	18,621,591.45	(406,176.62)	18,215,414.83	-	45.00	-	-
Shanghai Dongchi Automobile Co., Ltd.	Equity method	22,141,690.00	(5,879,201.96)	16,262,488.04	-	45.00	-	-
Shanghai Dexing Automobile Sales Co., Ltd.	Equity method	18,926,192.66	1,877.76	18,928,070.42	-	45.00	-	-
Shanghai SAIC Dingshun Automotive Sales Co., Ltd.	Equity method	700,000.00	-	700,000.00	-	30.00	67,445.00	-
SAIC Motor Korea Co., Ltd. (Note 2)	Equity method	-	-	-	-	24.00	-	-
Shanghai Waigaoqiao Pawn Co., Ltd.	Equity method	4,224,533.96	-	4,224,533.96	-	20.00	-	-
Shanghai Jingcheng Auction Co., Ltd.	Equity method	2,768,350.46	658,655.40	3,427,005.86	-	40.00	-	-
Jiangsu ANJI-TNT Logistics Co., Ltd.	Equity method	13,016,610.48	4,695,508.34	17,712,118.82	-	30.00	-	-
Jiangsu Used Motor Vehicle Market Co., Ltd.	Equity method	1,318,003.61	233,243.20	1,551,246.81	-	20.00	-	-
Nanjing Nanqi Stamping Parts Co., Ltd.	Equity method	28,829,686.10	2,802,531.85	31,632,217.95	-	46.00	-	-
Nanjing Auto Parts Factory	Equity method	3,500,751.44	382,781.13	3,883,532.57	-	45.00	-	-
BREMBO (Nanjing) Brake Systems Co., Ltd.	Equity method	38,579,178.51	2,390,713.42	40,969,891.93	-	30.00	-	-
Nanjing Valeo Clutch Co., Ltd.	Equity method	41,767,083.64	6,660,516.17	48,427,599.81	-	25.00	-	-
Qingdao Toyo Heat Exchanger Co., Ltd.	Equity method	57,198,631.15	(4,407,299.13)	52,791,332.02	-	26.00	-	-
Nanjing Fata Tooling Co., Ltd.	Equity method	1,730,531.18	(1,423,059.23)	307,471.95	-	30.00	236,460.00	-
Shanghai Shanke Automotive Culture Communication Co., Ltd.	Equity method	267,650.43	(3,218.66)	264,431.77	-	45.45	-	-
Sailing Capital Management Co., Ltd. (Note 10)	Equity method	-	55,080,000.00	55,080,000.00	-	20.00	-	-
SAIC James (Shannan) Equity Investment Fund Partnership Enterprise (Note 10)	Equity method	-	19,000,000.00	19,000,000.00	-	41.30	-	-
Sailing Capital International (Shanghai) Co., Ltd. (Note 10)	Equity method	-	600,000,000.00	600,000,000.00	-	22.20	-	-
Shanghai Duodebao Equity Investment Center (Note 10)	Equity method	-	36,000,000.00	36,000,000.00	-	33.33	-	-
Shanghai SAIC Huankai Investment Management Co., Ltd. (Note 10)	Equity method	-	299,990,600.00	299,990,600.00	-	37.50	-	-
SAIC Tangtian Investment Management Center (Note 10)	Equity method	-	20,550,000.00	20,550,000.00	-	37.69	-	-
Others	Equity method	-	166,185,754.28	166,185,754.28	-	-	-	-
Sub-total of JCEs and associates		31,286,211,647.83	14,502,705,273.44	45,788,916,921.27			27,983,985.68	7,680,080.68

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Long-term equity investments - continued

Invested companies	Accounting method	December 31, 2011	Increase (decrease) during the year	December 31, 2012	Equity interest held by the Group at the year-end (%)		Impairment at the year-end	Provision for impairment for the year
					Directly	Indirectly		
Other investments								
Nanfang Securities Co., Ltd. (Note 11)	Cost method	396,000,000.00	(396,000,000.00)	-	-	-	-	(396,000,000.00)
Shanghai Great Dragon Sanhe Information Technology Co., Ltd. (Note 11)	Cost method	4,000,000.00	(4,000,000.00)	-	-	-	-	(4,000,000.00)
GM Korea Company	Cost method	494,566,740.00	-	494,566,740.00	6.01	-	494,566,740.00	-
Nanjing Securities Co., Ltd. (Note 12)	Cost method	5,159,520.00	(5,159,520.00)	-	-	-	-	-
Tianjin Lovol Heavy Industries Co., Ltd.	Cost method	10,000,000.00	-	10,000,000.00	-	<5.00	-	-
Shenyin & Wanguo Securities Co., Ltd.	Cost method	64,260,937.40	-	64,260,937.40	-	<5.00	-	-
Dazhong Insurance Co., Ltd.	Cost method	43,520,000.00	-	43,520,000.00	-	<5.00	43,520,000.00	-
SAIC Industrial Hunan Shenxiang Co., Ltd.(Note 13)	Cost method	16,500,000.00	-	16,500,000.00	-	47.14	-	-
China Galaxy Securities Co., Ltd.	Cost method	5,000,000.00	-	5,000,000.00	-	<5.00	1,150,000.00	-
Shanghai Carthane Co., Ltd.	Cost method	24,440,000.00	-	24,440,000.00	-	<5.00	-	-
Guoqi (Beijing) Lightweight of Automobile Technology Research Institute Co., Ltd. (Note 10)	Cost method	-	3,000,000.00	3,000,000.00	-	6.89	-	-
SAIC Industrial Henan Sales Co., Ltd. (Note 4)	Cost method	2,926,600.00	(2,926,600.00)	-	-	-	-	(2,926,600.00)
SAIC Industrial Shenzhen Co., Ltd. (Note 4)	Cost method	4,438,333.24	(4,438,333.24)	-	-	-	-	(4,438,333.24)
Others	Cost method	32,048,683.93	8,448.73	32,057,132.66			10,312,237.06	-
Sub-total of other investments		1,102,860,814.57	(409,516,004.51)	693,344,810.06			549,548,977.06	(407,364,933.24)
Total		32,389,072,462.40	14,093,189,268.93	46,482,261,731.33			577,532,962.74	(399,684,852.56)

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

15. Long-term equity investments - continued

- Note1: The Group lost control over SGM and its subsidiaries by disposal of 1% equity interests of SGM on September 1, 2012 (see Note (XI)1(1) for more details), SGM, GMDY, DYPT and Norsom were changed to the Group's JCE after deconsolidation. The Company measured the carrying amount of the long-term equity interest at its fair value on September 1, 2012 in consolidated financial statements. On September 1, 2012, fair value of 50% equity interest of SGM, 25% equity interest of GMDY, 25% equity interest of DYPT and 25% equity interest of Norsom were RMB 11,497,110,130.93, RMB 633,227,141.72, RMB 1,655,233,416.11 and RMB 1,324,429,311.24, respectively.
- Note2: Investments in such companies are accounted for using equity method and the booked value is zero.
- Note3: SFC and SGM hold 40% and 20% equity interest of GMAC-SAIC Automotive Finance Co., Ltd.(hereinafter referred to as the "GMAC-SAIC Finance"), respectively, which is jointly controlled by all investors. SAIS and SGM hold 40% and 20% equity interest of Shanghai Onstar Telematics Co., Ltd. (hereinafter referred to as "Onstar"), respectively, which is jointly controlled by all investors. As stated in Note(XI)1(1), the Group disposed 1% equity interest of SGM during the year and SGM are no longer included in the scope of consolidated financial statements. Therefore, 20% equity interest of GMAC-SAIC Finance and Onstar held by SGM are reduced correspondingly.
- Note 4: Such companies completed liquidation during the year.
- Note 5: With the other investors made additional capital contribution to this company unilaterally, the proportion of equity interest held by the Group was diluted from 50% to 9.20%. Therefore, the Group accounted for investment in this company using cost method in this year. Book value of the investment in this company under equity method was reduced to zero at the end of the prior year.
- Note 6: During the year, such companies' investors made additional capital contribution to such companies by cash, of which total capital contributed by the Group is RMB 179,541,961.26.
- Note 7: This Company has been contracted to a third-party for operation. The Group has no control over this company, but only has significant influence.
- Note 8: During the year, HASCO made additional capital contribution of RMB 19,932,537.85 to this company, of which cash contribution is RMB 2,855,205.00 and the remaining was transferred from retained earnings.
- Note 9: This company became a subsidiary of the Group during the year. Refer to Note (XI)1(2) for details.
- Note 10: Such companies were newly invested by SAIC Motor Equity Investment Co., Ltd. during the year.
- Note 11: Investment in such investments and related impairment were written off by the Group during the year.
- Note 12: This company was disposed of during the year.
- Note 13: The Group has no significant influence on this company. Therefore the investment is accounted for using cost method.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

16. Investment properties

Movements of investment properties measured at cost are as follows:

Unit: RMB

Item	December 31, 2011	Increase	Decrease	December 31, 2012
I. Cost	3,929,289,337.20	313,039,113.92	383,978,834.36	3,858,349,616.76
1. Buildings	2,732,191,601.81	312,487,885.92	265,518,318.44	2,779,161,169.29
2. Land use right	1,197,097,735.39	551,228.00	118,460,515.92	1,079,188,447.47
II. Accumulated depreciation and amortization	1,010,710,189.64	124,508,022.94	150,887,013.91	984,331,198.67
1. Buildings	800,758,549.63	101,924,299.16	112,490,985.91	790,191,862.88
2. Land use right	209,951,640.01	22,583,723.78	38,396,028.00	194,139,335.79
III. Impairment	941,337.80	-	-	941,337.80
1. Buildings	941,337.80	-	-	941,337.80
IV. Net book value	2,917,637,809.76			2,873,077,080.29
1. Buildings	1,930,491,714.38			1,988,027,968.61
2. Land use right	987,146,095.38			885,049,111.68

Note: (1) Of the increase in cost, RMB 70,531,788.47 is due to transfer from buildings for self-use to investment properties and RMB 240,560,005.98 is due to transfer from construction in progress and RMB 1,947,319.47 is due to purchase.

(2) Of the decrease in the cost, RMB 7,832,878.17 is due to disposals, RMB 38,179,857.45 is due to transfer from investment properties to building for self-use and RMB 337,966,098.74 is due to the changes in the scope of consolidation.

(3) Of the increase in accumulated depreciation and amortization, RMB 115,694,073.95 is due to provision of depreciation and amortization and RMB 8,813,984.99 is due to transfer from buildings for self-use to investment properties.

(4) Of the decrease in accumulated depreciation and amortization, RMB 18,522,678.37 is due to transfer from investment properties to building for self-use and RMB 132,364,335.54 is due to the changes in the scope of consolidation.

(5) At the year-end, buildings with net book value of RMB 196,050,173.34 and land use right with net book value of RMB 52,450,466.13 were pledged as collateral for bank borrowings. Please refer to Note(VI)25 and 39 for more details.

(6) At the year-end, the certificates of title of investment properties with net book value of RMB 253,511,093.84 were not obtained.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

17. Fixed assets

(1) General

Unit: RMB

Item	December 31, 2011	Increase	Decrease	December 31, 2012
I. Cost	76,410,600,348.71	10,854,235,421.45	40,502,803,490.37	46,762,032,279.79
Including:Buildings	17,085,695,552.33	3,587,070,052.44	8,755,870,542.61	11,916,895,062.16
Machinery and equipment	39,480,611,896.77	5,139,635,693.46	18,175,954,230.82	26,444,293,359.41
Electronic equipment, furniture and fixtures	3,181,617,028.22	530,045,074.69	992,464,545.25	2,719,197,557.66
Transportation vehicles	2,155,361,706.01	379,161,981.21	312,259,207.53	2,222,264,479.69
Mold	14,507,314,165.38	1,218,322,619.65	12,266,254,964.16	3,459,381,820.87
II. Accumulated depreciation	36,508,720,025.83	5,303,146,297.59	21,402,957,909.05	20,408,908,414.37
Including:Buildings	5,048,803,855.08	383,619,916.90	2,015,816,070.90	3,416,607,701.08
Machinery and equipment	19,437,725,651.59	3,006,847,840.46	10,076,021,717.86	12,368,551,774.19
Electronic equipment, furniture and fixtures	2,101,267,773.90	361,630,742.12	745,423,843.98	1,717,474,672.04
Transportation vehicles	1,454,657,664.46	231,688,991.31	177,618,729.30	1,508,727,926.47
Mold	8,466,265,080.80	1,319,358,806.80	8,388,077,547.01	1,397,546,340.59
III. Closing balance	39,901,880,322.88			26,353,123,865.42
Including:Buildings	12,036,891,697.25			8,500,287,361.08
Machinery and equipment	20,042,886,245.18			14,075,741,585.22
Electronic equipment, furniture and fixtures	1,080,349,254.32			1,001,722,885.62
Transportation vehicles	700,704,041.55			713,536,553.22
Mold	6,041,049,084.58			2,061,835,480.28
IV. Impairment	3,210,333,549.97	361,125,299.54	2,010,440,825.55	1,561,018,023.96
Including:Buildings	479,362,356.39	36,934,254.45	381,061,317.56	135,235,293.28
Machinery and equipment	1,693,376,444.58	183,872,030.47	1,138,703,985.95	738,544,489.10
Electronic equipment, furniture and fixtures	5,654,533.60	3,566,043.74	2,600,788.57	6,619,788.77
Transportation vehicles	9,601,290.00	619,923.00	909,674.67	9,311,538.33
Mold	1,022,338,925.40	136,133,047.88	487,165,058.80	671,306,914.48
V. Net book value	36,691,546,772.91			24,792,105,841.46
Including:Buildings	11,557,529,340.86			8,365,052,067.80
Machinery and equipment	18,349,509,800.60			13,337,197,096.12
Electronic equipment, furniture and fixtures	1,074,694,720.72			995,103,096.85
Transportation vehicles	691,102,751.55			704,225,014.89
Mold	5,018,710,159.18			1,390,528,565.80

Note: (1) Of the increase in cost, RMB 530,546,437.04 is due to purchase, RMB 10,121,327,365.25 is due to transfer from construction in progress, RMB 38,179,857.45 is due to transfer from investment properties, RMB 8,043,841.71 is due to changes of exchange rate and RMB 156,137,920.00 is due to changes in the scope of consolidation.

(2) Of the decrease in cost, RMB 2,786,506,910.56 is due to disposals, RMB 4,296,952.33 is due to transfer to construction in progress, RMB 37,639,197,102.19 is due to changes in the scope of consolidation, RMB 70,531,788.47 is due to transfer to investment properties and RMB 2,270,736.82 is due to changes of exchange rate.

(3) Of the increase in accumulated depreciation, RMB 5,278,130,681.99 is due to provision of depreciation, RMB 18,522,678.37 is due to transfer from investment properties, RMB 2,656,824.23 is due to changes of exchange rate and RMB 3,836,113.00 is due to changes in the scope of consolidation.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**17. Fixed assets - continued**

Note: - continued

(4) Of the decrease in accumulated depreciation, RMB 2,028,356,371.00 is due to disposals, RMB 8,813,984.99 is due to transfer to investment properties, RMB 19,361,044,060.67 is due to changes in the scope of consolidation, RMB 3,631,264.67 is due to transfer to construction in progress and RMB 1,112,227.72 is due to changes of exchange rate.

(5) The increase in impairment is due to provision of impairment.

(6) Of the decrease in impairment, RMB 250,569,498.82 is due to disposals and RMB 1,759,871,326.73 is due to changes in the scope of consolidation.

(7) At the year-end, buildings with net book value of RMB 97,201,016.02 were pledged as collateral for bank borrowings. Please refer to Note(VI)39 for more details.

(2) Fixed assets leased under finance leases

Unit: RMB

Item	Cost	Accumulated depreciation	Net book value
December 31, 2011-Buildings	53,600,269.02	26,800,134.50	26,800,134.52
December 31, 2012	-	-	-

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

Unit: RMB

Item	Net value	Reasons why certificates of title have not been obtained
Buildings	1,191,658,423.15	In progress.

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

Unit: RMB

Item	December 31, 2012			December 31, 2011		
	Closing balance	Impairment	Net book value	Closing balance	Impairment	Net book value
GMDY phase III, etc.	-	-	-	3,465,117,559.62	-	3,465,117,559.62
Dual clutch transmission project and relocation	1,251,555,354.03	-	1,251,555,354.03	565,730,608.34	927,894.00	564,802,714.34
Project of SGMW of technology improvement and capacity expansion	3,645,294,259.19	6,518,996.57	3,638,775,262.62	2,066,552,306.92	-	2,066,552,306.92
Project of Huizhong of technology improvement and capacity expansion	237,516,903.13	200,000.00	237,316,903.13	287,433,717.87	-	287,433,717.87
Construction of MG Pukou base phase II of NAGC	384,490,115.24	330,899,572.97	53,590,542.27	441,868,843.30	352,804,263.38	89,064,579.92
Donghua CP4 logistics supporting project	7,850,104.30	1,050,329.40	6,799,774.90	138,085,464.01	6,548,079.00	131,537,385.01
Nanjing tooling new technology improvement project	4,708,356.93	-	4,708,356.93	104,353,384.82	-	104,353,384.82
Project of technology improvement and capacity expansion of Shanghai Diesel	960,076,616.53	86,624,202.93	873,452,413.60	489,767,972.55	86,624,202.93	403,143,769.62
Project of technology improvement and capacity expansion of Yanfeng Johnson	1,052,706,464.78	411,230.00	1,052,295,234.78	673,033,445.19	-	673,033,445.19
Project of passenger vehicles of self-owned brands	220,176,649.55	-	220,176,649.55	320,044,772.97	-	320,044,772.97
Project of R&D center expansion	470,926,123.69	-	470,926,123.69	397,278,506.57	-	397,278,506.57
Others	224,222,044.07	-	224,222,044.07	327,236,045.69	-	327,236,045.69
Total	8,459,522,991.44	425,704,331.87	8,033,818,659.57	9,276,502,627.85	446,904,439.31	8,829,598,188.54

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VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

18. Construction in progress - continued

(3) Changes of construction in process are as follows:

Unit: RMB

Item	Year Ended December 31, 2012
Opening balance	9,276,502,627.85
Transfer from fixed assets	665,687.66
Purchase	13,081,616,423.19
Transfer to fixed assets upon completion	10,121,327,365.25
Transfer to intangible assets upon completion	287,267,191.47
Transfer to investment properties upon completion	240,560,005.98
Decrease due to the changes in the scope of consolidation	3,250,107,184.56
Closing balance	8,459,522,991.44

(4) Impairment for constructions in progress

Unit: RMB

Item	December 31, 2011	Increase	Decrease	December 31, 2012	Reason for impairment
Dalian Shanghai Diesel product line and plant construction	86,624,202.93	-	-	86,624,202.93	Termination of the project
Construction of MG Pukou base phase II of NAGC	352,804,263.38	-	21,904,690.41	330,899,572.97	Changes of products
Project of SGMW of technology improvement and capacity expansion	-	6,518,996.57	-	6,518,996.57	Suspension of project
Others	7,475,973.00	611,230.00	6,425,643.60	1,661,559.40	Termination of the project
Total	446,904,439.31	7,130,226.57	28,330,334.01	425,704,331.87	

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Intangible assets and development expenditures

(1) General

Unit: RMB

Item	December 31, 2011	Increase	Decrease	December 31, 2012
I. Cost	12,517,496,560.09	1,287,661,016.05	4,282,489,882.37	9,522,667,693.77
Land use right	6,343,013,718.29	780,527,987.29	2,812,576,967.41	4,310,964,738.17
Know-how	3,767,440,559.91	375,476,989.54	1,463,492,085.21	2,679,425,464.24
Royalties	8,213,500.00	-	100,000.00	8,113,500.00
Software	662,070,270.76	131,656,039.22	2,949,981.67	790,776,328.31
Patent	1,033,952,252.05	-	-	1,033,952,252.05
Trademark right	16,879,375.00	-	-	16,879,375.00
Others	685,926,884.08	-	3,370,848.08	682,556,036.00
II. Accumulated amortization	3,989,412,224.05	1,111,814,683.63	1,481,782,855.02	3,619,444,052.66
Land use right	863,475,471.33	170,663,898.01	547,047,587.10	487,091,782.24
Know-how	1,736,344,692.23	635,565,849.00	931,865,382.92	1,440,045,158.31
Royalties	2,469,383.33	165,000.00	5,833.33	2,628,550.00
Software	328,817,485.26	87,336,527.27	2,864,051.67	413,289,960.86
Patent	882,868,434.08	20,503,854.20	-	903,372,288.28
Trademark right	6,632,245.10	1,596,102.58	-	8,228,347.68
Others	168,804,512.72	195,983,452.57	-	364,787,965.29
III. Closing balance	8,528,084,336.04			5,903,223,641.11
Land use right	5,479,538,246.96			3,823,872,955.93
Know-how	2,031,095,867.68			1,239,380,305.93
Royalties	5,744,116.67			5,484,950.00
Software	333,252,785.50			377,486,367.45
Patent	151,083,817.97			130,579,963.77
Trademark right	10,247,129.90			8,651,027.32
Others	517,122,371.36			317,768,070.71
IV. Impairment	336,017,278.75	43,957,187.25	3,420,829.34	376,553,636.66
Land use right	-	3,612,787.25	-	3,612,787.25
Know-how	231,428,425.75	-	1,062,500.00	230,365,925.75
Royalties	4,714,950.00	-	-	4,714,950.00
Software	16,265,573.66	-	-	16,265,573.66
Patent	81,250,000.00	-	-	81,250,000.00
Trademark right	2,358,329.34	40,344,400.00	2,358,329.34	40,344,400.00
V. Net book value	8,192,067,057.29			5,526,670,004.45
Land use right	5,479,538,246.96			3,820,260,168.68
Know-how	1,799,667,441.93			1,009,014,380.18
Royalties	1,029,166.67			770,000.00
Software	316,987,211.84			361,220,793.79
Patent	69,833,817.97			49,329,963.77
Trademark right	10,247,129.90			8,651,027.32
Others	514,764,042.02			277,423,670.71

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

19. Intangible assets and development expenditures - continued

(1) General - continued

- Note: (1) Of the increase in cost, RMB 433,316,310.37 is due to purchase, RMB287,267,191.47 is due to transferred from construction in progress, RMB 386,737,972.21 is due to transfer from development expenditures and RMB 180,339,542.00 is due to changes in the scope of consolidation.
- (2) Of the decrease in cost, RMB 15,162,829.75 is due to disposals and RMB 4,267,327,052.62 is due to changes in the scope of consolidation.
- (3) Of the increase in accumulated amortization, RMB 1,107,415,238.63 is due to provision of amortization and RMB 4,399,445.00 is due to changes in the scope of consolidation.
- (4) Of the decrease in accumulated amortization, RMB 11,611,885.00 is due to disposals and RMB 1,470,170,970.02 is due to changes in the scope of consolidation.
- (5) The increase of impairment is due to provision for impairment and the decrease of impairment is due to disposals.
- (6) At the year-end, land use right with net value of RMB 20,915,333.65 was pledged as collateral of bank borrowings. Details please refer to Note(VI)39.
- (7) At the year-end, certificates of title of land use right with net value of RMB 229,785,466.74 were not obtained.

(2) Details of development expenditures

Unit: RMB

Item	December 31, 2011	Increase	Decrease		December 31, 2012
			Recognized in profit and loss	Transferred to intangible assets	
Research expenditures	-	1,380,890,544.49	1,380,890,544.49	-	-
Development expenditures	591,746,656.39	4,375,527,428.14	3,930,883,777.37	386,737,972.21	649,652,334.95
Total	591,746,656.39	5,756,417,972.63	5,311,774,321.86	386,737,972.21	649,652,334.95

Development expenditures accounts for 76.01% of total research and development expenditures.

20. Goodwill

Unit: RMB

Invested company	December 31, 2011	Decrease due to the changes in the scope of consolidation	December 31, 2012
I. Cost	613,881,588.64	525,987,921.94	87,893,666.70
SGM (Note)	525,987,921.94	525,987,921.94	-
Chongqing Johnson	71,566,642.00	-	71,566,642.00
Shanghai Diesel	6,994,594.88	-	6,994,594.88
Nanya Motor	11.11	-	11.11
Others	9,332,418.71	-	9,332,418.71
II. Impairment	2,900,011.11	-	2,900,011.11
Nanya Motor	11.11	-	11.11
Others	2,900,000.00	-	2,900,000.00
III. Net book value	610,981,577.53		84,993,655.59
SGM	525,987,921.94		-
Chongqing Johnson	71,566,642.00		71,566,642.00
Shanghai Diesel	6,994,594.88		6,994,594.88
Others	6,432,418.71		6,432,418.71

Note: Please refer to Note(XI)1(1) for more details.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

21. Long-term deferred expenses

Unit: RMB

Item	December 31, 2012	December 31, 2011
Improvement expenditure of fixed assets	704,405,191.42	673,076,011.10
Mold costs	37,416,833.60	74,403,982.02
Others	114,235,571.76	121,170,272.62
Total	856,057,596.78	868,650,265.74

22. Deferred tax assets/deferred tax liabilities

(1) Differed tax assets or liabilities and corresponding deductible or taxable temporary differences

Unit: RMB

Item	Deferred tax assets or liabilities as of December 31, 2012	Deductible or taxable temporary differences as of December 31, 2012	Deferred tax assets or liabilities as of December 31, 2011	Deductible or taxable temporary differences as of December 31, 2011
Deferred tax assets:				
Assets impairment	213,742,548.92	1,016,116,717.03	411,569,475.21	1,876,279,231.63
Temporary difference arising from depreciation of fixed assets	127,330,429.71	585,223,374.08	658,394,416.63	2,822,784,553.07
Temporary difference arising from amortization of intangible assets	-	-	13,945,197.03	55,780,788.09
Deferred income	62,076,797.88	248,307,191.50	140,317,228.96	602,743,582.75
Available-for-sale financial assets measured at fair value	675,908.62	4,506,057.46	293,778.00	1,958,520.00
Liabilities accrued but not deductible	7,761,121,355.45	32,012,496,213.39	6,698,481,019.71	29,022,823,686.09
Unrealized profit elimination	397,681,580.21	1,641,682,756.99	331,219,832.34	1,489,152,007.91
Others	64,281,949.50	298,371,069.43	27,254,327.14	119,720,081.99
Sub-total	8,626,910,570.29	35,806,703,379.88	8,281,475,275.02	35,991,242,451.53
Deferred tax liabilities:				
Held-for-trading financial assets and liabilities measured at fair value	16,902.77	67,611.07	2,339,978.42	9,359,913.69
Available-for-sale financial assets measured at fair value	843,048,649.29	3,702,379,802.40	565,626,548.39	2,308,066,131.58
Initial recognition and accumulated amortization of convertible bonds	31,988,639.94	213,257,599.69	71,653,649.82	477,690,998.89
Fair value adjustment on fixed assets, intangible assets and other assets obtained from business combination not involving enterprises under common control	137,096,327.14	738,536,763.93	452,176,392.32	1,901,026,068.56
Others	27,433,320.92	78,051,297.67	30,533,367.14	100,792,834.31
Sub-total	1,039,583,840.06	4,732,293,074.76	1,122,329,936.09	4,796,935,947.03
Deferred tax assets offset by deferred tax liabilities	449,385.89		49,873,340.96	
Disclosed in the balance sheet:				
Deferred tax assets	8,626,461,184.40		8,231,601,934.06	
Deferred tax liabilities	1,039,134,454.17		1,072,456,595.13	
Net amount of deferred tax assets (liabilities)	7,587,326,730.23		7,159,145,338.93	

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**22. Deferred tax assets/deferred tax liabilities - continued**

(2) Details of unrecognized deferred tax assets

Unit: RMB s

Item	December 31, 2012	December 31, 2011
Deductible losses and deductible temporary differences	33,702,419,387.65	27,210,377,840.88

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

	Unit: RMB
Opening balance	7,159,145,338.93
Decrease due to changes in the consolidation scope during the year	

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

24. Impairment loss of assets

Unit: RMB

Item	December 31, 2011	Increase(Decrease) due to changes in the consolidation scope during the year	Provision	Decrease		December 31, 2012
				Reversals	Write-off	
1. Bad debt provision	611,562,052.09	(7,542,571.43)	347,665,500.64	127,576,307.20	19,213,954.87	804,894,719.23
2. Provision for decline in value of inventories	1,264,823,587.43	(294,927,514.64)	661,181,799.29	87,739,145.04	192,808,788.43	1,350,529,938.61
3. Impairment on other current assets	-	-	652,323,606.66	-	-	652,323,606.66
4. Impairment on long-term investments	977,217,815.30	-	7,680,080.68	-	407,364,933.24	577,532,962.74
5. Impairment loss on fixed assets	3,210,333,549.97	(1,759,871,326.73)	361,125,299.54	-	250,569,498.82	1,561,018,023.96
6. Impairment on construction in progress	446,904,439.31	-	7,130,226.57	-	28,330,334.01	425,704,331.87
7. Impairment on intangible assets	336,017,278.75	-	43,957,187.25	-	3,420,829.34	376,553,636.66
8. Impairment on investment properties	941,337.80	-	-	-	-	941,337.80
9. Impairment on loans	435,958,842.96	-	185,077,003.10	-	298,654.86	620,737,191.20
10. Impairment on goodwill	2,900,011.11	-	-	-	-	2,900,011.11
11. Impairment on other non-current assets	-	-	245,849,421.55	-	-	245,849,421.55
Total	7,286,658,914.72	(2,062,341,412.80)	2,511,990,125.28	215,315,452.24	902,006,993.57	6,618,985,181.39

25. Short-term borrowings

Unit: RMB

Item	December 31, 2012	December 31, 2011
Credit loans	5,310,140,580.73	4,768,121,237.05
Pledge loans (Note 1)	460,115,811.00	961,481,257.39
Mortgage loans (Note 2)	8,255,799.00	95,650,000.00
Guaranteed loans (Note 3)	20,300,000.00	34,000,000.00
Total	5,798,812,190.73	5,859,252,494.44

Note1: At the year-end, the Group pledged accounts receivable with net book value of RMB 375,987,500.00 to secure pledge loans of RMB 334,800,000.00 (see Note(VI)4); pledged bank balances of RMB 67,315,811.00 to secure pledge loans of RMB 67,315,811.00 (see Note(VI)1) and pledged finance leases receivables with net book value of RMB 75,015,751.59 to secure pledge loans of RMB 58,000,000.00 (see Note(VI)13).

Note2: At the year-end, the Group mortgaged investment properties and buildings with net book value of RMB 15,000,000.00 to secure mortgage loans of RMB 8,255,799.00 (see Note(VI)16).

Note3: Such loans are guaranteed by third parties at the year-end.

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

Unit: RMB

Item	December 31, 2012
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VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**27. Taking from banks and other financial institutions**

Unit: RMB

Item	December 31, 2012	December 31, 2011
SFC's loans taking from banks and other financial institutions	-	3,000,000,000.00

28. Held-for-trading financial liabilities

Unit: RMB

	Fair value as of December 31, 2012	Fair value as of December 31, 2011
Derivative financial liabilities	-	4,263,656.99

29. Notes payable

Unit: RMB

Item	December 31, 2012	December 31, 2011
Bank acceptances	2,691,003,568.70	4,504,849,815.22
Trade acceptances	392,728,596.44	519,555,003.06
Total	3,083,732,165.14	5,024,404,818.28

There were no notes payable due to shareholders holding more than 5% (inclusive) of the Company's voting rights. Notes payable due to related parties are set out in Note(VII)6(7).

30. Accounts payable

(1) Details of accounts payable are as follows:

Unit: RMB

Item	December 31, 2012	December 31, 2011
Accounts payable for purchase of material and equipment, etc.	47,809,876,107.19	73,210,344,869.39

(2) Accounts payable due to shareholders holding more than 5% (inclusive) of the Company's voting rights are set out in Note(VII)6(8).

(3) Accounts payable due to related parties are set out in Note(VII)6(8).

31. Receipts in advance

(1) Details of receipts in advance are as follows:

Unit: RMB

Item	December 31, 2012	December 31, 2011
Receipt in advance arising from sales of vehicles, materials, parts, etc.	21,911,629,511.49	17,683,150,343.49

(2) Receipts in advance from shareholders holding more than 5% (inclusive) of the Company's voting rights are set out in Note(VII)6(9).

(3) Receipts in advance from other related parties are set out in Note(VII)6(9).

32. Financial assets sold under repurchase agreements

Unit: RMB

	December 31, 2012	December 31, 2011
Financial assets sold under repurchase agreements held by SFC	-	1,164,995,527.20

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**33. Employee benefits payable**

Unit: RMB

Item	December 31, 2012	December 31, 2011
Payroll, bonus, allowance and compensation	2,628,701,675.97	2,367,190,113.06
Staff incentive and welfare fund	837,212,987.15	1,617,703,712.53
Social security contributions	121,311,186.64	121,788,852.09
Housing funds	59,424,256.56	48,799,364.57
Trade union fund and employee education fund	320,104,107.05	311,636,436.00
Termination benefits	283,955,444.15	402,710,369.29
Others	187,158,279.45	185,298,840.21
Total	4,437,867,936.97	5,055,127,687.75

There were no overdue employee benefits payables at the year-end.

34. Taxes payable

Unit: RMB

Item	December 31, 2012	December 31, 2011
Enterprise income tax	5,452,003,879.16	3,520,077,050.49
Consumption tax	179,976,277.38	598,728,734.77
Individual income tax	62,819,315.02	72,585,319.85
Land use tax	16,987,499.64	10,968,526.24
Business tax	40,427,203.98	77,745,113.70
Value added tax	(1,089,827,062.49)	(1,733,597,708.25)
City construction and maintenance tax	38,951,851.80	72,259,079.74
Education surcharge	58,638,519.70	65,282,364.99
Others	155,655,094.53	142,015,308.65
Total	4,915,632,578.72	2,826,063,790.18

35. Dividends payable

Unit: RMB

Item	December 31, 2012	December 31, 2011
Dividends payable of subsidiaries due to minority investors	1,098,745,971.80	6,247,188,138.59

36. Other payables

(1) Details of other payables are as follows:

Unit: RMB

Item	December 31, 2012	December 31, 2011
Sales commission and discount	16,102,864,836.35	11,774,947,434.20
Dealers' deposits and other deposits	2,485,808,679.51	1,939,044,142.81
Others	4,153,596,085.72	3,882,671,743.75
Total	22,742,269,601.58	17,596,663,320.76

(2) Other payables due to shareholders holding more than 5% (inclusive) of the Company's voting rights are set out in Note(VII)6(10).

(3) Other payables due to other related parties are set out in Note(VII)6(10).

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**37. Non-current liabilities due within one year**

Details of non-current liabilities due within one year are as follows:

Unit: RMB

Item	December 31, 2012	December 31, 2011
Bonds payable due within one year (Note(VI)40)	6,031,722,400.31	-
Provisions due within one year (Note(VI)42)	4,257,114,989.67	3,154,749,364.35
Long-term borrowings due within one year (Note(VI)39)	1,843,945,642.22	2,528,503,139.31
Other non-current liabilities due within one year (Note(VI)44)	9,474,483.88	4,605,970.13
Long-term payables due within one year (Note(VI)41)	-	2,522,424.82
Total	12,142,257,516.08	5,690,380,898.61

(1) Provisions due within one year

Unit: RMB

Item	December 31, 2012	December 31, 2011
Products quality warranty	3,277,356,627.68	2,901,995,914.75
Others	979,758,361.99	252,753,449.60
Total	4,257,114,989.67	3,154,749,364.35

(2) Long-term borrowings due within one year

Unit: RMB

Item	December 31, 2012	December 31, 2011
Credit loans	1,451,276,336.97	1,896,089,458.81
Guaranteed loans	-	227,083,680.58
Mortgage loans	49,500,000.00	189,049,999.92
Pledge loans	343,169,305.25	216,280,000.00
Total	1,843,945,642.22	2,528,503,139.31

(3) Non-current liabilities due within one year

Unit: RMB

Item	December 31, 2012	December 31, 2011
Differed income - Government grants	9,474,483.88	4,605,970.13

38. Other current liabilities

Unit: RMB

Item	December 31, 2012	December 31, 2011
Accrued expenses	105,494,245.61	181,987,717.61
Differed income - Government grants	41,500,000.00	33,950,000.00
Differed income - Others	349,955,151.24	433,256,217.38
Total	496,949,396.85	649,193,934.99

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**39. Long-term borrowings**

Unit: RMB

Item	December 31, 2012	December 31, 2011
Credit loans	2,078,278,009.98	3,197,519,804.45
Guaranteed loans (Note 3)	-	227,083,680.58
Mortgage loans (Note 1)	113,900,000.00	434,365,999.92
Pledge loans (Note 2)	598,546,560.44	533,020,000.00
Sub-total	2,790,724,570.42	4,391,989,484.95
Less: Long-term borrowings due within one year (Note(VI)37)	1,843,945,642.22	2,528,503,139.31
Long-term borrowings due after one year	946,778,928.20	1,863,486,345.64

Note1: At the year-end, the Company mortgaged fixed assets - buildings with net book value of RMB 81,759,447.56 to secure mortgage loans of RMB34,400,000.00 (see Note(VI)17), mortgaged investment properties - buildings with net book value of RMB 138,306,757.28 and investment properties - land use rights with net book value of RMB 52,450,466.13 to secure mortgage loans of RMB 32,500,000.00 (see Note(VI)16), mortgaged investment properties - buildings with net book value of RMB 6,363,021.57 and intangible assets - land use rights with net book value of RMB 3,868,847.92 to secure mortgage loans of RMB 11,900,000.00 (see Note(VI)16 and 19), mortgaged investment properties - buildings with net book value of RMB 18,892,474.07 to secure mortgage loans of RMB 6,500,000.00 (see Note(VI)16), mortgaged intangible assets - land use rights with net book value of RMB 12,611,928.80, fixed assets - buildings with net book value of RMB 15,441,568.46 and investment properties - buildings with net book value of RMB 13,343,481.08 to secure mortgage loans of RMB 19,600,000.00 (see Note (VI)16, 17 and 19), and mortgaged investment properties - buildings with net book value of RMB 4,144,439.34 and intangible assets - land use rights with net book value of RMB4,434,556.93 to secure mortgage loans of RMB 9,000,000.00 (see Note(VI)16 and 19).

Note2: At the year-end, the Company pledged financial leases receivables of RMB 1,309,214,521.78 to secure pledge loans of RMB 589,546,560.44 (see Note(VI)13).

Note3: At the beginning of the year, long-term borrowings of RMB 210,000,000.00 were guaranteed by SAIC and the rest were guaranteed by third parties.

40. Bonds payable

Unit: RMB

Category	Face value	December 31, 2011	Interest accrual for the year	Interest and the principle paid during the year	December 31, 2012
Bonds with attached warrants (Note)	6,300,000,000.00	5,767,289,001.11	314,833,399.20	50,400,000.00	6,031,722,400.31
Less: Bonds payable due within one year(Note (VI) 37)		-			6,031,722,400.31
Bonds payable due after one year		5,767,289,001.11			-

Note: As approved by China Securities Regulatory Commission Zheng Jian Fa Xing Zi [2007] No. 459, the Company issued bonds with attached warrants of RMB 6,300,000,000 on December 19, 2007 at par value of RMB 100 with 3.6 shares of warrants for each bond. Total shares of warrants issued were 226,800,000. The expiration date of the bonds with attached warrants would be December 18, 2013. The nominal annual interest rate of the bonds would be 0.80%, and the real annual interest rate would be 5.46%. Bonds with attached warrants were guaranteed by SAIC.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**40. Bonds payable - continued**

Initial recognition of bonds with warrants is as follows:

Unit: RMB

Item	Liabilities component	Equity component	Total
Initial recognized amount	4,874,744,332.84	1,425,255,667.16	6,300,000,000.00
Less: Transaction costs	43,872,699.00	12,827,301.00	56,700,000.00
Book value at issuing date	4,830,871,633.84	1,412,428,366.16	6,243,300,000.00

Movement of bonds with warrants during the year is as follows:

Unit: RMB

	December 31, 2011	Interest accrued	Interest paid	December 31, 2012
Book value	6,300,000,000.00	-	-	6,300,000,000.00
Adjustment of interest	(534,390,998.89)	264,433,399.20	-	(269,957,599.69)
Accrued interest	1,680,000.00	50,400,000.00	50,400,000.00	1,680,000.00
Total	5,767,289,001.11	314,833,399.20	50,400,000.00	6,031,722,400.31

41. Long-term payables

(1) Details of long-term payables

Unit: RMB

Item	December 31, 2012	December 31, 2011
Finance leases payable	-	37,237,334.04
Less: Long-term payable due within one year (Note (VI)37)	-	2,522,424.82
Finance leases due after one year	-	34,714,909.22

Balance at the beginning of the year was long-term payables of Norsom.

(2) Details of finance leases payable included in long-term payables

Unit: RMB

	December 31, 2012	December 31, 2011
Within one year subsequent to the balance sheet date	-	5,514,600.00
In the 2nd year subsequent to the balance sheet date	-	5,514,600.00
In the 3rd year subsequent to the balance sheet date	-	5,514,600.00
Subsequent years	-	39,061,750.00
Total minimum lease payables	-	55,605,550.00
Less: Unrecognized finance cost	-	18,368,215.96
Finance lease payables	-	37,237,334.04

42. Provisions

Unit: RMB

Item	December 31, 2012	December 31, 2011
Products quality warranty	6,491,843,790.10	6,224,002,412.02
Expected indemnity expenditure	395,442,899.07	818,423,190.75
Others	1,223,561,830.06	131,011,352.49
Sub-total	8,110,848,519.23	7,173,436,955.26
Less: Provisions due within one year (Note(VI)37)	4,257,114,989.67	3,154,749,364.35
Provisions due after one year	3,853,733,529.56	4,018,687,590.91

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**43. Special payables**

Unit: RMB

Item	December 31, 2012	December 31, 2011
Compensation for relocation (Note 1)	1,677,296,663.82	1,508,011,706.90
Special reward fund (Note 2)	972,655,000.00	987,830,000.00
Total	2,649,951,663.82	2,495,841,706.90

Note 1: The balance represents compensations appropriated by the government directly from its fiscal budget for its purchase of land use rights owned by the Group for relocation for the benefit of the public interest. During the year, relocation compensation of RMB 154,413,018.84 was transferred to capital reserve.

Note 2: Balance of special reward fund was injected by SAIC in 2011 Restructuring as stated in Note (I). Such fund is designated for special purpose of rewarding significant contributions to business developments, completion of strategic development objectives (including key annual goals), completion of significant projects or works. The fund is managed as special payables.

44. Other non-current liabilities

Unit: RMB

Item	December 31, 2012	December 31, 2011
Compensation and retirement benefits (Note)	6,000,944,913.22	6,324,227,071.61
Deferred income - Government grants	1,030,536,784.98	1,266,575,056.43
Deferred income - Others	135,350,388.58	-
Others	198,005,847.86	165,389,605.94
Sub-total	7,364,837,934.64	7,756,191,733.98
Less: Other non-current liabilities due within one year (Note(VI)37)	9,474,483.88	4,605,970.13
Total	7,355,363,450.76	7,751,585,763.85

Note: Balances of compensations and retirement benefits of the Company are mainly calculated using actuarial techniques based on assumptions of discount rates, inflation and other factors. Management of the Group believes that the assumptions are reasonable, but actual results might differ from these assumptions, which might affect the disbursement and liabilities relating to the welfare.

45. Share capital

Registered capital and paid-in capital of the Company are RMB 11,025,566,629.00, with par value of RMB1.00 per share. Categories and composition of the shares are as follows:

Year 2012:	Shares at the beginning of the year	Changes (shares)	Shares at the end of the year	% of shares held at the end of the years
I. Restricted shares				
Shares held by domestic legal person				
-SAIC	1,520,834,217	-	1,520,834,217	13.80
-SAIC Ltd	334,408,775	-	334,408,775	3.03
Sub-total	1,855,242,992	-	1,855,242,992	16.83
II. Non-restricted shares				
Ordinary shares in RMB				
-SAIC	6,670,615,714	-	6,670,615,714	60.50
-Yuejin	468,398,580	(54,479,439)	413,919,141	3.75
-Others	2,031,309,343	54,479,439	2,085,788,782	18.92
Sub-total	9,170,323,637	-	9,170,323,637	83.17
III. Total	11,025,566,629	-	11,025,566,629	100.00

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

45. Share capital - continued

Year 2011:	Shares at the beginning of the year	Changes (shares)		Shares at the end of the year	% of shares held at the end of the years
		Expiration of restriction period (Note 2)	The Transaction (Note 1)		
I. Restricted shares					
Shares held by domestic legal person					
-SAIC	72,098,054	-	1,448,736,163	1,520,834,217	13.80
-SAIC Ltd	-	-	334,408,775	334,408,775	3.03
-Others	648,882,479	(648,882,479)	-	-	-
Sub-total	720,980,533	(648,882,479)	1,783,144,938	1,855,242,992	16.83
II. Non-restricted shares					
Ordinary shares in RMB					
-SAIC	6,670,615,714	-	-	6,670,615,714	60.50
-Yuejin	468,398,580	-	-	468,398,580	4.25
-Others	1,382,426,864	648,882,479	-	2,031,309,343	18.42
Sub-total	8,521,441,158	648,882,479	-	9,170,323,637	83.17
III. Total	9,242,421,691	-	1,783,144,938	11,025,566,629	100.00

Note 1: As stated in Note (I), the Company issued 1,448,736,163 shares and 334,408,775 shares of ordinary share in RMB to SAIC and SAIC Ltd, respectively, at par of RMB 1.00 per share in 2011 Restructuring. SAIC and SAIC Ltd have committed that they do not transfer the shares acquired in 2011 Restructuring within 36 months after the issue of such shares.

Note 2: In 2010, CSRC approved the Company's non-public issue of shares with "Approval of Non-public Issue of Shares of SAIC Motor Corporation Limited" (Zheng Jian Xu Ke [2010] No. 1717). Accordingly, the Company issued 720,980,533 A shares (with par value of RMB 1.00 per share) to 10 investors, including SAIC, the controlling shareholder. Of the 720,980,533 shares issued, 72,098,054 shares issued to SAIC were restricted for 36 months after the issue (such shares were expected to be released for trading on December 10, 2013) and 648,882,479 shares issued to other investors were restricted for 12 months after the issue (such shares were released for trading during 2011).

46. Capital reserve

Unit: RMB

Item	Opening balance	Increase	Decrease	Reclassification upon completion of 2011 Restructuring (Note 4)	Closing balance
Year 2012:					
Share premium	37,529,611,841.43	56,086,824.06	(188,679.25)	-	37,585,509,986.24
Including: Capital contributed by investors(Note 1)	37,133,609,077.49	-	(188,679.25)	-	37,133,420,398.24
Differences arising from business combination involving enterprises under common control	361,806,720.80	-	-	-	361,806,720.80
Effect of increase of investment in subsidiaries(Note 2)	34,196,043.14	56,086,824.06	-	-	90,282,867.20
Other comprehensive income	4,124,550,064.91	2,466,585,297.82	-	-	6,591,135,362.73
Other capital reserves	518,333,514.40	171,173,241.14	-	-	689,506,755.54
Total	42,172,495,420.74	2,693,845,363.02	(188,679.25)	-	44,866,152,104.51
Year 2011:					
Share premium	39,522,727,299.01	-	(209,970,519.58)	(1,783,144,938.00)	37,529,611,841.43
Including: Capital contributed by investors(Note 3)	28,468,239,008.25	-	(61,428,314.49)	8,726,798,383.73	37,133,609,077.49
Differences arising from business combination involving enterprises under common control(Note 4)	10,983,397,123.42	-	(111,647,080.89)	(10,509,943,321.73)	361,806,720.80
Effect of increase of investment in subsidiaries	71,091,167.34	-	(36,895,124.20)	-	34,196,043.14
Other comprehensive income	6,776,244,766.83	-	(2,651,694,701.92)	-	4,124,550,064.91
Other capital reserves	515,618,160.97	2,715,353.43	-	-	518,333,514.40
Total	46,814,590,226.81	2,715,353.43	(2,861,665,221.50)	(1,783,144,938.00)	42,172,495,420.74

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**46. Capital reserve - continued**

Note 1: In 2012, the decrease of capital reserve related to capital contributed by investors was the expenditures directly related to the 2011 Restructuring as stated in Note (I) and it was deducted against capital reserve.

Note 2: The increase is resulted from the changes of proportion of equity interest in subsidiaries including Shanghai Diesel, Nanjing Tooling in 2012.

Note 3: In 2011, the decrease of capital contributed by investors was the issuance costs related to the 2011 Restructuring as stated in Note (I) and it was deducted against capital reserve.

Note 4: Upon the completion of 2011 Restructuring stated in Note (I) in 2011, differences arising from business combination involving enterprises under common control of RMB 10,509,943,321.73 were transferred to share capital and share premium, i.e. RMB 1,783,144,938.00 was transferred to share capital and the remaining was transferred to share premium.

47. Surplus reserve

Unit: RMB

Item	Opening balance	Appropriation	Increase due to changes in the consolidation scope during the year (Note)	Closing balance
Year 2012:				
Statutory surplus reserve	5,711,125,555.70	1,702,687,529.88	125,254,170.54	7,539,067,256.12
Discretionary surplus reserve	4,092,923,049.16	1,702,687,529.88	125,254,170.54	5,920,864,749.58
General risk reserve	-	844,919,712.17	-	844,919,712.17
Total	9,804,048,604.86	4,250,294,771.93	250,508,341.08	14,304,851,717.87
Year 2011:				
Statutory surplus reserve	4,152,108,578.96	1,559,016,976.74	-	5,711,125,555.70
Discretionary surplus reserve	2,533,906,072.42	1,559,016,976.74	-	4,092,923,049.16
Total	6,686,014,651.38	3,118,033,953.48	-	9,804,048,604.86

Note: See Note(XI)1(1).

Statutory surplus reserve can be used for making up for losses, expanding operation and increasing the Company's capital.

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

48. Retained earnings

Unit: RMB

Item	Amount
Year 2012:	
Balance at the beginning of year	39,220,503,321.39
Add: Net profit attributable to the shareholders of the Company	20,751,763,307.97
Less: Appropriation to statutory surplus reserve of the Company	1,702,687,529.88
Appropriation to discretionary surplus reserve of the Company	1,702,687,529.88
Dividends distribution (Note 1)	3,307,669,988.70
Appropriation to foreign capital reserve of SFC	2,879,770.97
Appropriation to general provisions of risk of SFC	844,919,712.17
Appropriation to staff incentive and welfare fund of subsidiaries	178,091,168.21
Adjustments due to changes in the consolidation scope during the year (Note 2)	250,508,341.08
Adjustments due to acquisition of minority interests during the year (Note 3)	4,317,853.63
Balance at the end of year	51,978,504,734.84
Year 2011:	
Balance at the beginning of year	24,175,780,319.71
Add: Net profit attributable to the shareholders of the Company	20,221,866,457.55
Effect of subsidiaries' restructuring (Note 4)	48,242,107.61
Less: Appropriation to statutory surplus reserve of the Company	1,559,016,976.74
Appropriation to discretionary surplus reserve of the Company	1,559,016,976.74
Dividends distribution	1,848,484,338.20
Appropriation to foreign capital reserve of SFC	2,715,353.43
Appropriation to staff incentive and welfare fund of subsidiaries	256,151,918.37
Balance at the end of year	39,220,503,321.39

Note 1: Prior year's cash dividends approved by shareholders' meeting

According to resolution reached at 2011 annual general meeting of shareholders on May 24, 2012, the Company distributed cash dividends of RMB3.00 (inclusive of tax) per 10 shares, amounting to RMB3,307,669,988.70, based on total 11,025,566,629 shares.

Note 2: See Note(XI)1(1).

Note 3: The adjustment is resulted from acquisition of subsidiary's minority interest by DIAS.

Note 4: Certain subsidiaries of the Group were restructured to limited liability companies during the year 2011, in which net assets were made up for accumulated losses.

Note 5: Profit distribution proposed after the balance sheet date

According to the proposals made at the 5th meeting of the 5th session of the Board of Directors, the Company planned to distribute cash dividends of RMB 6.00 (inclusive of tax) per 10 shares, based on total 11,025,566,629 shares after appropriation of statutory surplus reserve and discretionary surplus reserve at 10% and 10% of profit after tax of the Company. The dividend distribution plan is yet to be approved by the general meeting of shareholders.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

49. Operating income/costs

(1) Operating income/costs

Unit: RMB

	Year Ended December 31, 2012		Year Ended December 31, 2011	
	Operating Income	Operating Costs	Operating Income	Operating Costs
Primary operations	470,394,347,987.34	394,129,823,572.43	426,377,836,870.74	346,583,579,368.71
Other operations	8,038,228,355.49	6,433,773,121.15	6,717,647,403.20	5,286,720,821.63
Total	478,432,576,342.83	400,563,596,693.58	433,095,484,273.94	351,870,300,190.34

(2) Primary operations

Unit: RMB

	Year Ended December 31, 2012		Year Ended December 31, 2011	
	Operating Income	Operating Costs	Operating Income	Operating Costs
Sales of vehicles	373,657,830,255.77	318,042,746,527.38	342,103,894,392.52	281,163,180,193.16
Sales of parts	81,439,636,823.62	62,565,114,689.73	69,219,010,512.61	51,738,463,419.92
Trading	10,895,851,370.55	10,432,567,162.14	10,996,364,533.84	10,676,999,862.33
Service and others	4,401,029,537.40	3,089,395,193.18	4,058,567,431.77	3,004,935,893.30
Total	470,394,347,987.34	394,129,823,572.43	426,377,836,870.74	346,583,579,368.71

(3) Other operations

Unit: RMB

	Year Ended December 31, 2012		Year Ended December 31, 2011	
	Operating Income	Operating Costs	Operating Income	Operating Costs
Sales of raw materials	6,081,264,174.82	5,421,653,704.54	4,773,002,441.93	4,093,755,450.41
Rendering services	484,372,283.44	309,271,606.50	635,913,096.35	303,410,034.02
Rental	424,657,550.67	134,621,554.86	450,325,739.81	180,133,053.30
Others	1,047,934,346.56	568,226,255.25	858,406,125.11	709,422,283.90
Total	8,038,228,355.49	6,433,773,121.15	6,717,647,403.20	5,286,720,821.63

(4) Operating incomes from the top five customers are as follows:

Unit: RMB

Name	Operating income	Proportion to total operating income (%)
Company 1	28,060,261,927.94	5.87
Company 2	3,688,377,989.82	0.77
Company 3	2,658,930,990.77	0.56
Company 4	2,435,877,570.58	0.51
Company 5	1,785,831,595.17	0.37
Total	38,629,280,074.28	8.08

50. Interest income/expenses

Unit: RMB

	Year Ended December 31, 2012		Year Ended December 31, 2011	
	Income	Expenses	Income	Expenses
Interest income/expenses of SFC	2,495,862,499.96	610,656,797.24	1,659,646,963.42	308,857,110.78

51. Fee and commission income/ expenses

Unit: RMB

	Year Ended December 31, 2012	Year Ended December 31, 2011
	Ino50.10464 Tc (D) T780808.24 0.8j-0.20(n) Tj0.03072 Tj-0.694320.166.64 114 m320.1	

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**52. Business taxes and levies**

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Consumption tax	6,094,099,891.95	8,837,567,472.77
City construction and maintenance tax	682,366,385.99	765,402,037.32
Education surcharges	944,266,668.82	1,070,539,362.11
Business tax	199,438,101.91	329,700,578.90
Others	55,212,789.64	51,093,693.96
Total	7,975,383,838.31	11,054,303,145.06

53. Selling expenses

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Transportation expenses	8,207,978,001.12	7,099,458,418.94
Advertising expenses	6,788,821,825.89	6,358,710,653.29
After sales service expenses	2,888,752,915.26	2,867,037,646.59
Others	9,322,602,360.72	6,525,585,244.25
Total	27,208,155,102.99	22,850,791,963.07

54. Administrative expenses

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Salaries	5,436,977,176.06	5,705,891,390.02
Depreciation and amortization	1,629,961,924.83	942,765,879.12
Research and development expenditures	5,311,774,321.86	5,725,950,096.46
Royalties	1,153,891,296.53	1,907,681,105.24
Others	5,002,033,804.89	4,833,411,389.68
Total	18,534,638,524.17	19,115,699,860.52

55. Financial expenses

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Interest expenses	769,121,620.49	758,034,389.66
Less: Capitalized expenses (Note(VI)18)	7,469,414.17	1,534,724.42
Less: Interest income	943,528,475.02	726,464,660.46
Exchange (gain) loss	22,445,611.85	96,227,676.98
Loss (gain) on foreign currency forward contracts	1,733,190.28	(144,798,055.90)
Others	42,477,684.27	61,310,969.80
Total	(115,219,782.30)	42,775,595.66

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

56. Impairment losses on assets

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Impairment of available-for-sale financial assets	652,323,606.66	-
Decline in value of inventories	573,442,654.25	154,615,005.18
Impairment of fixed assets	361,125,299.54	352,462,631.70
Impairment of other non-current assets	245,849,421.55	-
Bad debt loss	220,089,193.44	19,825,316.47
Impairment of loans	185,077,003.10	285,858,745.27
Impairment of intangible assets	43,957,187.25	179,889,658.47
Impairment of long-term investments	7,680,080.68	380,000.00
Impairment of construction in process	7,130,226.57	-
Impairment of goodwill	-	550,000.00
Total	2,296,674,673.04	993,581,357.09

57. Gain (loss) from changes in fair values

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Gain (loss) resulting from:		
Held-for-trading financial assets	2,877,677.77	(269,382,641.26)
Held-for-trading financial liabilities	4,263,656.99	56,794,440.55
Stocks embedded with put options	-	(113,235,578.64)
Total	7,141,334.76	(325,823,779.35)

58. Investment income

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Dividends received from investments under cost method	2,801,321.69	19,037,726.66
Long-term equity investment income under equity method	15,545,446,804.31	12,362,112,405.76
Amortization of long-term equity investment difference	(827,623.32)	(827,623.32)
Effect of loss of control over subsidiaries due to partial disposal (Note)	1,480,720.50	-
Gain (loss) on disposal of long-term equity investments	15,937,619.84	31,654,784.55
Unrealized profit elimination under equity method	(826,568,895.15)	(430,754,237.04)
Gain (loss) from held-for-trading financial assets/liabilities	22,139,785.57	833,593,540.21
Gain from available-for-sale financial assets	548,839,921.06	444,606,476.70
Gain from financial assets purchased under resell agreements	47,028,635.14	3,495,333.97
Gain from business combination not involving enterprises under common control achieved in stages	-	155,474,166.00
Others	73,062,914.55	33,573,317.55
Total	15,429,341,204.19	13,451,965,891.04

Note: See Note(XI)1(1).

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**59. Non-operating income**

(1) Details of non-operating income are as follows:

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Government grants	761,484,342.38	327,632,621.43
Debt restructuring gain	561,733.55	1,599,254.64
Gain on disposal of non-current assets	178,241,074.39	136,338,393.71
Payables waived by creditors	55,607,670.45	71,665,176.68
Compensation for relocation	26,649,236.58	40,729,011.00
Acquisition discounts from business combination not involving enterprises under common control (Note)	693,657.36	7,347,220.78
Others	74,028,144.31	100,091,127.39
Total	1,097,265,859.02	685,402,805.63

Note: See Note(XI)1(2).

(2) Details of government grants are as follows:

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
(a) Government grants related to assets		
Technical improvement	451,446,874.21	78,534,846.00
Subsidies for purchase of fixed assets	19,623,500.00	365,653,700.00
Sub-total	471,070,374.21	444,188,546.00
(b) Government grants related to income		
Financial subsidies	414,223,371.84	165,088,141.00
Tax refund	233,953,477.83	79,834,474.42
Subsidies for project development	97,705,959.79	70,806,535.88
Relocation compensation	17,454,656.35	93,171,033.51
Sub-total	763,337,465.81	408,900,184.81
(c) Release of deferred income	144,241,824.92	103,455,325.15
Government grants recognized in profit or loss	761,484,342.38	327,632,621.43
Government grants recognized in deferred income	617,165,322.56	628,911,434.53

Note: During the year, due to the change of the scope of consolidation, differed income - government grants amounting to RMB 701,411,769.09 was transferred out.

60. Non-operating expenses

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Loss on disposal of non-current assets	61,331,154.98	192,614,722.33
Relocation	37,098,464.69	39,389,170.36
Donations	11,425,145.11	6,018,315.39
Others	170,635,901.38	116,707,442.84
Total	280,490,666.16	354,729,650.92

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

61. Income tax expenses

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Current income tax expenses	10,169,817,145.27	8,208,949,183.79
Deferred income tax expenses	(3,541,705,901.84)	(1,170,417,430.09)
Total	6,628,111,243.43	7,038,531,753.70

Reconciliation of income tax and accounting profit is as follows:

Unit: RMB

	Year Ended December 31, 2012	Year Ended December 31, 2011
Accounting profit	40,156,364,971.19	42,028,162,786.89
Income tax expenses calculated at 15% (Year 2011: 15%)	6,023,454,745.68	6,304,224,418.03
Effect of expenses that are not deductible for tax purposes	176,184,557.32	90,244,180.20
Effect of unrecognized deductible losses and deductible temporary differences for tax purposes	1,144,999,928.25	875,348,057.41
Effect of using previously unrecognized deductible losses and deductible temporary differences for tax purposes	(171,193,696.24)	(543,160,371.78)
Adjustment on prior year's income tax according to final settlement	(43,895,861.08)	(20,845,999.28)
Effect of non-taxable revenue	(2,377,134,081.06)	(1,920,997,506.61)
Effect of super tax deduction for research and development expenditures	(348,165,983.68)	(255,024,323.76)
Effect of different tax rates of subsidiaries operating in other jurisdictions	2,223,861,634.24	2,508,743,299.49
Total	6,628,111,243.43	7,038,531,753.70

2.84 0.,038,531,72.-0.02784

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued**62. Calculation process of basic earnings per share and diluted earnings per share- continued**

Note: The Company accounted for 2011 Restructuring stated in Note (I) as business combination involving enterprises under common control (see Note(XI)1(3)) at the consideration of new shares issued. Therefore, basic earnings per share were calculated assuming the newly issued shares were in issue at the earliest reporting period of 2011.

(3) Diluted earnings per share

At the end and the beginning of the year, there were no events of dilution.

(4) Earnings per share

Unit: RMB

	Year Ended December 31, 2012	Year Ended December 31, 2011
Calculated based on net profit attributable to shareholders of the Company:		
Basic earnings per share	1.882	1.834
Diluted earnings per share	Not applicable	Not applicable
Calculated based on net profit from continuing operations attributable to shareholders of the Company:		
Basic earnings per share	1.882	1.834
Diluted earnings per share	Not applicable	Not applicable

63. Other comprehensive income (loss)

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
1. Gain (loss) arising from available-for-sale financial assets	2,114,000,759.86	(2,462,500,131.71)
less: Tax effects arising from available-for-sale financial assets	277,410,320.28	(74,103,881.45)
Net amount included in other comprehensive income in the prior periods that is transferred to profit or loss of the current period	(651,212,556.66)	205,964,446.26
Sub-total	2,487,802,996.24	(2,594,360,696.52)
2. Share of other comprehensive income (loss) of the investee accounted for using equity method	182,382,420.98	(167,208,451.57)
3. Translation differences of financial statements denominated in foreign currencies	(24,214,046.58)	138,660,727.62
4. Others	-	139,014.83
Total	2,645,971,370.64	(2,622,769,405.64)

64. Entrusted business of SFC

Unit: RMB

	Year Ended December 31, 2012	Year Ended December 31, 2011
Entrusted deposits	1,286,736,909.74	902,776,901.75
Entrusted loans	1,126,000,000.00	746,000,000.00
Entrusted investments	160,736,909.74	156,776,901.75
Total	1,286,736,909.74	902,776,901.75

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

65. Note of cash flow statement

Other cash receipts relating to financing activities

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Decrease of restricted cash (including pledge of bank acceptances, etc.)	654,800,570.44	-

Other cash payments relating to financing activities

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Increase of restricted cash (including pledge of bank acceptances, etc.)	-	1,040,214,759.68
Payment of the transaction costs of 2011 Restructuring	188,679.25	61,428,314.49
Total	188,679.25	1,101,643,074.17

66. Supplementary information to the cash flow statements

(1) Supplementary information to the cash flow statements

Unit: RMB

Supplementary information	Year Ended December 31, 2012	Year Ended December 31, 2011
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	33,528,253,727.76	34,989,631,033.19
Add: Provision for impairment loss of assets	2,296,674,673.04	993,581,357.09
Depreciation of fixed assets	5,278,130,681.99	6,381,529,289.72
Amortization of intangible assets	1,107,415,238.63	1,086,760,437.47
Depreciation and amortization of investment properties	115,694,037.95	115,303,073.03
Amortization of long-term prepaid expenses	227,346,573.64	179,394,521.10
Losses on disposal of fixed assets, intangible assets and other long-term assets (less gains)	(116,909,919.41)	56,276,328.62
Losses on changes in fair values (less gains)	(7,141,334.76)	325,823,779.35
Financial expenses	761,652,206.32	756,499,665.24
Losses arising from investments (less gains)	(15,429,341,204.19)	(13,451,965,891.04)
Decrease in deferred tax assets (less increase)	(3,432,148,851.20)	(1,146,787,729.27)
Increase in deferred tax liabilities (less decrease)	(109,557,050.64)	(23,629,700.82)
Decrease in inventories (less increase)	(3,885,329,868.37)	(5,486,342,338.22)
Decrease in financial assets purchased under resell agreements (less increase)	-	2,102,601,956.17
Increase in financial assets sold under repurchase agreements (less decrease)	(1,164,995,527.20)	(395,003,597.80)
Increase in taking from banks and other financial institutions (less decrease)	(3,000,000,000.00)	570,000,000.00
Decrease in operating receivables (less increase)	(6,113,661,355.64)	(7,271,971,304.83)
Increase in operating payables (less decrease)	9,535,045,596.63	427,643,008.11
Net cash flow from operating activities	19,591,127,624.55	20,209,343,887.11
2. Net movement of cash and cash equivalents:		
Balance at the end of the year	46,797,863,907.34	59,527,277,873.78
Less: Balance at the beginning of the year	59,527,277,873.78	60,559,755,095.06
Net increase (decrease) in cash and cash equivalents	(12,729,413,966.44)	(1,032,477,221.28)

VI. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - continued

66. Supplementary information to the cash flow statements - continued

(2) Cash and cash equivalents

Unit: RMB *thued 93*

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VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**4. Other related parties which have significant transactions or balances with the Group**

Name of related parties	Relationship with the Group
Shanghai Automotive Industry Development Co., Ltd.	Subsidiary of SAIC
SAIC Property Development Co., Ltd.	Subsidiary of SAIC
Shanghai Kailian Trading Co., Ltd. (Note 1)	Subsidiary of SAIC
SAIC Sodexo Service Co., Ltd.	Subsidiary of SAIC
Shanghai Shangkai Real Estate Development Co., Ltd.	Subsidiary of SAIC
SAIC Construction Engineering Technical Consulting Services Co., Ltd.	Subsidiary of SAIC
Shanghai Automotive Electronics Factory	Subsidiary of SAIC
Shanghai Internal Combustion Engine Research Institute	Subsidiary of SAIC
Shanghai Huali Internal Combustion Engine Co., Ltd.	Subsidiary of SAIC
Shanghai Jieneng Automotive Technology Co., Ltd.	Subsidiary of SAIC
Shanghai Qiyuan Human Resources Consulting Co., Ltd. (Note 2)	Subsidiary of SAIC
Shanghai Yike Green Engineering Co., Ltd.	Associate of SAIC
Shanghai Volkswagen Automotive Gift Co., Ltd.	Associate of SAIC
Shanghai ADT Facilities Management Co., Ltd.	Associate of SAIC
SAIC Building Engineering Co., Ltd.	Associate of SAIC
Shanghai International Automotive City Development Co., Ltd.	Associate of SAIC
Executive directors and other senior management of the Company	Key management personnel

Note 1: Shanghai Kailian Trading Co., Ltd. finished de-registration in May 2012.

Note 2: Shanghai Qiyuan Human Resources Consulting Co., Ltd. was a JCE of SAIC and it was changed to a subsidiary of SAIC during the year.

5. Related party transactions

The following amounts are transactions and balances in the consolidated financial statements.

(1) Sales and purchases**(a) Sales of goods**

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	37,454,823,897.38	30,091,715,258.86
Associates	3,287,384,130.77	2,200,005,993.50
Subsidiaries of SAIC	16,444,712.52	11,402,676.48
Total	40,758,652,740.67	32,303,123,928.84

(b) Sales of materials

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	148,452,142.90	116,761,142.58
Associates	11,664,852.41	18,227,629.07
Subsidiaries of SAIC	842,100.66	4,284,228.09
Total	160,959,095.97	139,272,999.74

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions - continued**

(1) Sales and purchases - continued

(c) Trading

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	1,045,462,084.29	1,163,565,935.54
Associates	6,710,507.84	283,639,819.89
Subsidiaries of SAIC	2,012.00	13,000.00
Associates of SAIC	3,547.01	-
Total	1,052,178,151.14	1,447,218,755.43

(d) Sales of long-term assets

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	222,244,584,358.03	149,985,265,862.70
Associates	3,901,480,199.94	3,662,078,002.47
Subsidiaries of SAIC	37,056,192.91	40,548,933.58
Associates of SAIC	98,030,503.51	129,875,674.34
Total	226,281,151,254.39	153,817,768,473.09

(e) Purchase of goods and materials

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	79,531,543.66	46,295,186.33
Associates	5,619,368.01	5,810,557.80
SAIC	148,847,990.00	-
Subsidiaries of SAIC	42,734.96	6,797,081.36
Associates of SAIC	12,556,195.83	4,734,437.83
Total	246,597,832.46	63,637,263.32

(f) Purchase of long-term assets

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	1,194,603,499.22	1,599,821,333.33
Associates	10,770,605.30	7,424,071.53
Subsidiaries of SAIC	19,133,735.31	23,505,257.07
JCEs of SAIC	-	42,070.00
Associates of SAIC	-	569,424.00
Total	1,224,507,839.83	1,631,362,155.93

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions - continued**

(2) Rendering of services

(a) Rendering of services

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	1,258,576,191.35	900,812,996.74
Associates	60,212,198.28	12,290,613.59
SAIC	81,466,451.10	-
Subsidiaries of SAIC	167,684,417.06	209,952,874.50
Total	1,567,939,257.79	1,123,056,484.83

(b) Rental income

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	234,023,669.26	238,321,104.80
Associates	38,316,960.67	24,428,953.89
Total	272,340,629.93	262,750,058.69

(c) Guarantee income

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	1,403,835.61	3,810,739.71

(3) Other expenses

(a) Logistics service expenses, royalties and others

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	310,679,157.23	179,064,969.18
Associates	6,594,476.71	3,214,318.02
Subsidiaries of SAIC	4,096,800.53	4,104,787.90
Total	321,370,434.47	186,384,075.10

(b) Rental expenses

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	2,296,085.00	1,904,387.11
Associates	-	2,249,223.31
SAIC	16,269,460.36	16,017,839.61
Subsidiaries of SAIC	3,191,064.44	10,167,637.51
Total	21,756,609.80	30,339,087.54

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions - continued**

(3) Other expenses - continued

(c) Taking-over of balance of provision for product warranty from:

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	3,397,188,091.87	-

The prices of transactions in (1) to (3) were determined based on the contracts between both parties.

(4) Financing

Details of financing transactions between the Group and related parties are as follows:

(a) Loans offered by SFC to related parties

① Movements of loans offered by SFC to related parties are as follows:

Unit: RMB

	JCEs	Associates	Total
December 31, 2011	591,486,106.83	629,459,781.67	1,220,945,888.50
Loans offered	1,274,912,275.78	33,142,727.79	1,308,055,003.57
Repayment collected	(934,486,106.83)	(32,659,781.67)	(967,145,888.50)
December 31, 2012	931,912,275.78	629,942,727.79	1,561,855,003.57

② Balances of loans offered by SFC to related parties were as follows:

Unit: RMB

	December 31, 2012	December 31, 2011
JCEs - Short-term loans and discounts	931,912,275.78	591,486,106.83
Associates - Short-term loans and discounts	29,942,727.79	29,459,781.67
Associates - Long-term loans	600,000,000.00	600,000,000.00
Total	1,561,855,003.57	1,220,945,888.50

③ Loan interests received by SFC from related parties are as follows:

Unit: RMB

	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	35,961,872.25	33,068,408.17
Associates	37,978,322.89	34,143,022.28
Total	73,940,195.14	67,211,430.45

Interest rates for loans offered to related parties are determined according to interest rates specified by the People's Bank of China.

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions - continued**

(4) Financing - continued

(b) Related parties' deposits at SFC

① Movements of related parties' deposits at SFC are as follows:

Unit: RMB

	JCEs	Associates	SAIC	Subsidiaries of SAIC	Associates of SAIC	Total
December 31, 2011	15,678,328,169.33	1,107,558,742.45	346,563,328.89	202,487,541.74	4,738,181.75	17,339,675,964.16
Increase due to the changes in the scope of consolidation	10,791,171,898.43	-	-	-	-	10,791,171,898.43
Receipts/Repayment	(222,948,299.52)	(263,725,887.83)	1,413,113,800.34	(101,424,501.72)	539,763.67	825,554,874.94
December 31, 2012	26,246,551,768.24	843,832,854.62	1,759,677,129.23	101,063,040.02	5,277,945.42	28,956,402,737.53

Note: See Note (XI)1(1).

② Interest paid by SFC to related parties were as follows:

Unit: RMB

	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	521,449,458.69	219,257,672.25
Associates	20,436,337.89	17,494,034.80
SAIC	20,403,039.27	22,595.20
Subsidiaries of SAIC	3,178,404.28	1,090,349.93
Associates of SAIC	26,988.87	18,729.85
Total	565,494,229.00	237,883,382.03

Interest rates for deposits from related parties are determined according to interest rates specified by the People's Bank of China.

(c) The Group's deposits at related parties

① Movement of the Group's deposits at related parties are as follows:

Unit: RMB

	JCEs
December 31, 2011	2,342,550,000.00
Increase	37,450,000.00
December 31, 2012	2,380,000,000.00

② Deposit interests received by the Group from related parties are as follows:

Unit: RMB

	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	78,813,549.08	97,079,844.37

Interest rates for deposits at related parties are determined according to interest rates specified by the People's Bank of China.

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued

5. Related party transactions - continued

(4) Financing - continued

(d) Entrust loans provided by the Group to related parties

① Balances of ou

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VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions - continued**

(4) Financing - continued

(f) Entrusted business of SFC

① Entrust business between SFC and related parties (see Note(VI)64) is disclosed off balance sheet. SFC received bank charges based on agreements. The bank charges received by SFC from related parties are as follows:

Unit: RMB

	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	476,140.02	426,221.33
Associates	373,262.50	273,430.00
SAIC	-	30,162.90
Subsidiaries of SAIC	337,966.66	387,757.17
Associates of SAIC	9,866.67	2,033.33
Total	1,197,235.85	1,119,604.73

② At the end and the beginning of the year, balance of entrusted business between SFC and related parties are as follows:

Unit: RMB

Entrusting parties	Entrusted deposit December 31, 2012	Targets	Entrusted loans December 31, 2012
JCEs	540,000,000.00	JCEs	40,000,000.00
		Associates	500,000,000.00
		Sub-total	540,000,000.00
Associates	37,000,000.00	Associates	37,000,000.00
SAIC	490,000,000.00	Subsidiaries of SAIC	460,000,000.00
		Associates of SAIC	10,000,000.00
		Third parties	20,000,000.00
		Sub-total	490,000,000.00
Third parties	29,000,000.00	Associates	29,000,000.00
Total	1,096,000,000.00	Total	1,096,000,000.00

Entrusting parties	Entrusted deposit December 31, 2011	Targets	Entrusted loans December 31, 2011
JCEs	490,000,000.00	JCEs	40,000,000.00
		Associates	450,000,000.00
		Sub-total	490,000,000.00
SAIC	190,000,000.00	Subsidiaries of SAIC	170,000,000.00
		Third parties	20,000,000.00
		Sub-total	190,000,000.00
Third parties	29,000,000.00	JCEs	29,000,000.00
Total	709,000,000.00	Total	709,000,000.00

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**5. Related party transactions - continued**

(4) Financing - continued

(g) Financing charges paid by the Group to related parties

In order to obtain the circulating credits from the related parties for the automobile dealers of the Group and allow the related parties to provide financial service to dealers with the credit limits, the Group pays financing charges to the related parties as follows:

Unit: RMB

	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	756,707,189.56	716,450,510.25

Financing charges are paid to related parties based on agreements.

(5) Guarantees

(a) See Note(VIII) for guarantees provided by the Group to related parties.

(b) See Note(VI)39 and 40 for guarantees provided by related parties to the Group.

(6) Remuneration for key management personnel

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Remuneration for key management personnel	17,276,500.00	8,075,300.00

(7) Others

See Note(VI)23.

6. Amounts due from/to related parties

(1) Notes receivable

Unit: RMB

Related party	December 31, 2012	December 31, 2011
JCEs	66,310,531.00	51,241,115.18
Associates	-	1,500,000.00
Total	66,310,531.00	52,741,115.18

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**6. Amounts due from/to related parties - continued**

(2) Accounts receivable

Unit: RMB

Related party	December 31, 2012	December 31, 2011
JCEs	5,809,663,375.91	3,393,708,395.18
Associates	964,798,444.32	876,863,770.30
SAIC	2,300,000.00	-
Subsidiaries of SAIC	106,554,564.37	58,394,794.06
Total	6,883,316,384.60	4,328,966,959.54

(3) Prepayments

Unit: RMB

Related party	December 31, 2012	December 31, 2011
JCEs	15,859,164,685.77	9,059,040,827.60
Associates	30,523,043.34	-
Associates of SAIC	-	177,120.85
Total	15,889,687,729.11	9,059,217,948.45

(4) Dividends receivable

Unit: RMB

Related party	December 31, 2012	December 31, 2011
JCEs	5,975,688,057.92	255,163,672.47
Associates	10,689,191.23	29,041,770.00
Total	5,986,377,249.15	284,205,442.47

(5) Other receivables

Unit: RMB

Related party	December 31, 2012	December 31, 2011
JCEs	2,163,721,254.35	25,069,910.00
Associates	26,245,385.39	25,517,672.80
Subsidiaries of SAIC	4,572,302.60	12,808,353.73
Associates of SAIC	-	46,865.00
Total	2,194,538,942.34	63,442,801.53

(6) Long-term receivables

Unit: RMB

Related party	December 31, 2012	December 31, 2011
JCEs	-	13,133,649.21
Associates	-	98,096.74
Total	-	13,231,745.95

VII. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS - continued**6. Amounts due from/to related parties - continued**

(7) Notes Payable

Unit: RMB

Related party	December 31, 2012	December 31, 2011
JCEs	85,374,207.84	157,821,037.28
Associates	860,686.00	1,183,488.71
Total	86,234,893.84	159,004,525.99

(8) Accounts payable

Unit: RMB

Related party	December 31, 2012	December 31, 2011
JCEs	2,647,808,952.65	20,777,160,234.16
Associates	441,550,576.66	850,437,965.82
SAIC	-	992,091.18
Subsidiaries of SAIC	8,566,749.64	10,165,241.58
Associates of SAIC	7,450,313.52	28,621,335.39
Total	3,105,376,592.47	21,667,376,868.13

(9) Receipts in advance

Unit: RMB

Related party	December 31, 2012	December 31, 2011
JCEs	204,383,406.10	709,106,284.58
Associates	3,717,048.62	583.54
SAIC	94,114,274.51	103,375,000.00
Subsidiaries of SAIC	-	1,108,756.54
Total	302,214,729.23	813,590,624.66

(10) Other payables

Unit: RMB

Related party	December 31, 2012	December 31, 2011

VIII. CONTINGENCIES

At the year-end, guarantees provided by the Group to related parties are as follows:

Guarantor	Guarantee	Relationship with the Group	Category	Currency	Ceiling amount	Debt amount
The Company	GMAC-SAIC Automotive Finance Co., Ltd.	JCE	Ceiling guarantee	RMB	350,000,000.00	350,000,000.00
Donghua (Note 1)	Nanjing Dongwei Metal Products Co., Ltd. ("Dongwei")	JCE	Joint guarantee	RMB	15,500,000.00	10,000,000.00
HASCO, Donghua (Note 2)	Hua Dong Teksid Automotive Foundry Co., Ltd.	JCE	Ceiling guarantee	USD	5,775,000.00	3,525,505.17

Note 1: According to relating guarantee contracts, investors of Dongwei undertook loan guarantee obligation jointly based on their capital contribution. The amounts stated in the above table represent the amount of guarantee obligation undertaken by Donghua at the ratios of 50%.

Note 2: These loans were guaranteed by HASCO and Donghua jointly and severally.

IX. COMMITMENTS**1. Capital commitments**

Unit: RMB'000

	Consolidated		The Company (Note)	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Capital commitments that have been signed but have not been recognized in the financial statements:				
- Commitment for acquisition of long-term assets	6,831,154	9,015,590	1,482,041	692,873
- External investment commitment (Note)	1,573,797	-	20,322	80,436
Capital commitments that have been approved by the board of directors but have not been signed:				
- Commitment for acquisition of long-term assets	304,111	963,572	-	-
Total	8,709,062	9,979,162	1,502,363	773,309

Note: At the year-end, capital commitment for investment in subsidiaries by Company was RMB 20,322,000, which is investment commitment to SAIC UK (see Note(IV)1).

2. Operating lease commitments

At the balance sheet date, the Group has the following commitments in respect of non-cancellable operating leases:

Unit: RMB'000

	Consolidated		The Company	
	December 31, 2012	December 31, 2011	December 31, 2012	December 31, 2011
Minimum lease payments under non-cancellable operating lease:				
1st year subsequent to the balance sheet date	253,668	415,608	3,013	3,013
2nd year subsequent to the balance sheet date	202,783	422,483	3,013	3,013
3rd year subsequent to the balance sheet date	153,395	334,254	3,013	3,013
Subsequent years	965,849	1,716,930	3,013	6,026
Total	1,575,695	2,889,275	12,052	15,065

X. EVENTS AFTER THE BALANCE SHEET DATE

1. Significant events after the balance sheet date

(1) The proposal on repurchasing Shanghai Diesel B shares

Shanghai Diesel's 1st temporary meeting of shareholders of 2013 approved the proposal on Shanghai Diesel's repurchasing partial domestic listed foreign shares (B shares) on February 22, 2013. According to the proposal, Shanghai Diesel would repurchase no more than 86.80 million B shares under the condition that total capital of repurchase being no more than USD 64.93 million (equivalence to approximately RMB 408 million by applying the spot exchange rate on January 4, 2013, i.e. USD 1.00 to RMB 6.2897. the actual amount in RMB will be calculated at the exchange rate prevailing at the date when the foreign currency is purchased) and the repurchased price being no more than USD 0.748 per share. The repurchased shares will be written off pursuant to the related laws and the registered capital will be decreased. As of the issue date of the financial statements, the repurchase is still subject to approval from departments of commercial administration and state administration of foreign exchange, and more approvals or procedures for the record should be completed according to the regulators' requirements.

(2) The establishment of SAIC Motor - CP Co., Ltd. and MG Sales (Thailand) Co., Ltd.

The proposal of "Investment in SAIC Motor - CP Co., Ltd. and MG Sales (Thailand) Co., Ltd." was approved on the 4th meeting of the 5th session of the Board held on December 3, 2012. The registered capital of SAIC Motor - CP Co., Ltd. (hereinafter referred to as "SAIC Motor - CP") is THB 2,494 million, equivalent to approximately RMB 498.80 million (exchange rate: RMB 1 = THB 5, similarly hereinafter). SAIC Motor - CP was established on February 7, 2013, SAIC HK and MG UK, wholly owned subsidiaries of the Group, hold 51% equity interest in total in SAIC Motor - CP. The registered capital of MG Sales (Thailand) Co., Ltd. (hereinafter referred to as "MG Sales Thailand") is THB 203 million, equivalent to approximately RMB 40.60 million. SAIC Motor - CP and SAIC HK hold 90% and 5.1% equity interest of MG Sales Thailand, respectively. As of the issue date of the financial statements, MG Sales Thailand has not been established yet.

2. Profit appropriation after the balance sheet date

See Note(VI)48.

XI. OTHER SIGNIFICANT EVENTS

1. Change of the scope of consolidation

(1) SGM and its subsidiaries are no longer included in the scope of consolidation after the Group's partial disposal

SGM was a subsidiary of the Group, whereas the Company held 50% of SGM's equity interest directly and 1% through SAIC HK indirectly, totally 51%. The Group had control over SGM. SGM has three subsidiaries, i.e. GMDY, DYPT and Norsom. SGM and its subsidiaries were included in the scope of the consolidated financial statements.

Approved by the 1st meeting of the 5th session of the board on May 24, 2012 and pursuant to the "Agreement on Transferring 1% Equity Interest of SGM" signed by SAIC HK and GM China on June 11, 2012, GM China acquired 1% equity interest of SGM held by SAIC HK by cash. According to the share transfer agreement, the consideration of 1% equity interest of SGM is USD 103,017,085. SGM held the board meeting on June 11, 2012 to revise the joint venture contract and articles of association. On August 8, 2012, the share transfer was approved by Shanghai Commerce Commission with "Shanghai Commerce Commission's Approval on Transferring 1% Equity Interest of SGM and Change of the Number of Directors" (Hu Shang Wai Zi Pi [2012]No.2642). On August 31, 2012, SAIC HK received all the consideration of USD 103,017,085 from GM China.

XI. OTHER SIGNIFICANT EVENTS - continued**1. Change of the scope of consolidation - continued**

(1) SGM and its subsidiaries are no longer included in the scope of consolidation after the Group's partial disposal - continued

The Company lost control over SGM according to the revised joint venture contract and articles of association after the share transaction. On September 1, 2012, which is the completion date of the transaction of 1% SGM's equity interest, i.e., disposal date, SGM and its subsidiaries, GMDY, DYPT and Norsom, are no longer included in the scope of consolidated financial statements.

Main financial information of SGM and its subsidiaries on disposal date is as follows:

Unit: RMB

	Disposal date
Assets:	
Current assets	30,131,750,931.31
Non-current assets	26,888,373,387.02
Sub-total	57,020,124,318.33
Liabilities:	
Current liabilities	26,039,825,352.47
Non-current liabilities	966,059,951.59
Sub-total	27,005,885,304.06
Total net assets	30,014,239,014.27
Less: Minority interests	14,778,074,554.09
Total interests attributable to shareholders of the Company	15,236,164,460.18

The Group lost control over SGM and its subsidiaries by disposal of 1% SGM's equity interest, effect of which on the consolidated financial statements is as follows:

Unit: RMB

	Disposal date
Fair value of consolidated shareholders' equity of SGM and its subsidiaries on disposal date (Note 1)	30,220,000,000.00
Retained equity interest of SGM held by the Group after disposal date	50%
Fair value of the retained equity interest of SGM and its subsidiaries held by the Group after disposal date	15,110,000,000.00
Add: Consideration (Note 2)	653,633,102.62
Less: Net assets of SGM and its subsidiaries attributable to shareholders of the Company on disposal date	15,236,164,460.18
Less: Goodwill in respect of previous acquisition of SGM	525,987,921.94
Effect of loss of control over subsidiaries due to disposal of certain equity interest	1,480,720.50

Note 1: Fair value of consolidated equity interest of SGM and its subsidiaries was assessed by appraiser.

Note 2: Cash received by the Group is USD 103,017,085, equivalent to RMB 653,633,102.62.

Net cash outflow of the Group due to the disposal:

Unit: RMB

	Amount
Cash consideration receipts by disposal of 1% equity interest of SGM	653,633,102.62
Less: Cash and cash equivalents held by SGM and its subsidiaries on disposal date	20,231,796,078.81
Add: Cash and cash equivalents deposited at SFC by SGM and its subsidiaries on disposal date	10,791,171,898.43
Net cash outflow of the Group due to the disposal	(8,786,991,077.76)

XI. OTHER SIGNIFICANT EVENTS - continued**1. Change of the scope of consolidation - continued**

Operating results and net cash flow of SGM and its subsidiaries from beginning of the year to the disposal date are as follows:

Unit: RMB

	From beginning of the year to the disposal date
Operating income	90,387,630,378.80
Operating costs and expenses	77,723,583,366.84
Total profit	12,664,047,011.96
Net profit	9,946,894,657.51
Net cash flow from (used in) operating activities	13,613,163,471.13
Net cash flow from (used in) investing activities	(4,557,433,755.51)
Net cash flow from (used in) financing activities	(15,735,601,479.11)
Effect of foreign exchange rate on cash and cash equivalents	(25,829,194.01)
Net decrease in cash and cash equivalents	(6,705,700,957.50)

In the Company's consolidated financial statements, long-term equity investments in SGM and its subsidiaries were accounted for using equity method from disposal date. In the Company's financial statements, accounting treatment for long-term equity investments in SGM and its subsidiaries was changed from cost method to equity method from disposal date, share of net profit or loss realized by SGM and its subsidiaries from the acquisition date to the beginning of disposal period (January 1, 2012) is adjusted against retained earnings, share of net profit or loss realized by SGM and its subsidiaries from the beginning of disposal period to disposal date is recognized in the profit or loss for the period.

Adjustment to long-term equity investments in the Company's financial statements on disposal date is as follows:

Unit: RMB

	Amount
Original long-term equity investments in SGM and its subsidiaries accounted for using cost method	10,426,036,310.52
Increase retained earnings - Surplus reserve (Note)	250,508,341.08
- Retained earnings	1,002,033,364.32
Recognition of investment income from SGM and its subsidiaries from the beginning of the current period to disposal date	3,203,448,797.34
Long-term equity investment in SGM and its subsidiaries accounted for using equity method on disposal date	14,882,026,813.26

Note: Surplus reserve represents statutory surplus reserve and discretionary surplus reserve appropriated at 10% and 10%.

XI. OTHER SIGNIFICANT EVENTS - continued**1. Change of the scope of consolidation - continued**

(2) Business combination not involving enterprises under common control during the year

Johnson Industry was an associate of Johnson Seating, the Company's subsidiary. According to the "Share Transfer Agreement" entered into between Johnson Seating and Shanghai Yankang Auto Parts Co., Ltd. (hereinafter referred to as the "Yankang Auto") on April 16, 2012, Johnson Seating acquired 54.92% equity interest of Johnson Industry from Yankang Auto at the consideration of RMB 191,120,000.00. The transaction was completed on July 30, 2012, and Johnson Seating has obtained control over Johnson Industry henceforth. Therefore, Johnson Industry is included in the scope of consolidated financial statements of Johnson Seating from July 30, 2012. The main financial information of Johnson Industry is as follows:

Unit: RMB

	Acquisition date		December 31, 2011
	Book value	Fair value(Note)	Book value
Identifiable assets:			
Current assets	22,079,284.19	22,079,284.19	152,611,171.70
Non-current assets	328,241,904.00	328,241,904.00	196,433,789.50
Total assets	350,321,188.19	350,321,188.19	349,044,961.20
Identifiable liabilities:			
Current liabilities	1,059,352.13	1,059,352.13	512,400.07
Total liabilities	1,059,352.13	1,059,352.13	512,400.07
Total net assets	349,261,836.06	349,261,836.06	348,532,561.13
The Group's share of net assets		349,261,836.06	
Less: Fair value of original long-term equity investment		157,448,178.70	
Consideration		191,120,000.00	
Acquisition discount – non-operating income		693,657.36	

Note: Fair value of identifiable assets, identifiable liabilities and original long-term equity investment was determined based on the appraisal report.

Net cash outflow of the Group for acquisition of subsidiary:

Unit: RMB

	Amount
Cash and cash equivalent held by the acquired subsidiary on acquisition date	7,429,350.94
Less: Cash consideration	191,120,000.00
Net cash outflow for acquisition of subsidiary	(183,690,649.06)

XI. OTHER SIGNIFICANT EVENTS - continued**1. Change of the scope of consolidation - continued**

(2) Business combination not involving enterprises under common control during the year - continued

The operating results and net cash flow of the subsidiary which was acquired from acquisition date to the year-end are as follows:

Unit: RMB

	From acquisition date to December 31, 2012
Operating income	7,656,486.93
Operating costs and expenses	9,724,652.90
Total loss	(2,068,165.97)
Net loss attributable to owners of the Company	(1,825,074.33)
Net cash flow from (used in) operating activities	(1,121,671.00)
Net cash flow from (used in) investing activities	(120,000.00)
Net cash flow from (used in) financing activities	-
Net decrease in cash and cash equivalents	(1,241,671.00)

(3) 2011 Restructuring

As stated in Note (I), the Company issued 1,783,144,938 shares to SAIC and SAIC Ltd to acquire assets and equity investments related to business of independent supply of auto parts, automotive service and trading and new energy automotive owned by SAIC and SAIC Ltd (hereinafter referred to as the "Acquired Assets") in year 2011. The delivery date of 2011 Restructuring is December 13, 2011.

As the Acquired Assets were ultimately controlled by SAIC, both before and after 2011 Restructuring, 2011 Restructuring was accounted for as business combination involving enterprises under common control. The Company restated the financial statements assuming that the acquired assets were included in the consolidation scope of the consolidated financial statements since such acquired assets were under the control of SAIC.

In the Company's consolidated financial statements, amount of net assets of Acquired Assets is RMB23,023,229,998.03. After deducting transaction costs of RMB61,428,314.49, share capital of the Company was increased by RMB1,783,144,938.00 and the remaining RMB21,178,656,745.54 was recorded in capital reserve as share premium.

2. Assets and liabilities measured at fair value

Unit: RMB

Item	December 31, 2011	Decrease due to the changes in the scope of consolidation	Purchase	Change of fair value recognized in profit or loss	Changes of fair value recognized in equity	Provision for impairment for the year	December 31, 2012
Financial assets							
1.Held-for-trading financial assets	759,037,792.49	(748,410,060.72)	29,334,346.45	2,877,677.77	-	-	42,839,755.99
2.Available-for-sale financial assets	13,971,073,896.98	-	4,823,988,491.83	-	2,764,842,966.52	(652,323,606.66)	20,907,581,748.67
Total financial assets	14,730,111,689.47	(748,410,060.72)	4,853,322,838.28	2,877,677.77	2,764,842,966.52	(652,323,606.66)	20,950,421,504.66
Financial liabilities							
1.Held-for-trading financial liabilities	4,263,656.99	-	-	(4,263,656.99)	-	-	-
Total financial liabilities	4,263,656.99	-	-	(4,263,656.99)	-	-	-

XI. OTHER SIGNIFICANT EVENTS - continued

3. Segment report

Based on the Group's internal organization structure, management requirements and internal reporting system, the operations of the Group are classified into two reporting segments, which are "vehicles and parts" and "financing". The reporting segments are determined based on the Group's operating structure. The Group's management periodically evaluates the operating results of these reporting segments to make decisions about resources to be allocated to the segments and assess their performance. Major products and services delivered or provided by each of the reporting segments are vehicles and parts and financing services.

Segment information is disclosed in accordance with the accounting policies and measurement criteria adopted by each segment when reporting to management.

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

XI. OTHER SIGNIFICANT EVENTS - continued

3. Segment report - continued

(1) Segment information

Unit: RMB

	Vehicles and parts		Financing		Elimination		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Operating income								
External revenue	478,432,576,342.83	433,095,484,273.94	2,547,095,311.90	1,708,464,806.61	-	-	480,979,671,654.73	434,803,949,080.55
Inter-segment revenue	-	-	428,148,457.32	316,265,039.93	(428,148,457.32)	(316,265,039.93)	-	-
Total segment operating income	478,432,576,342.83	433,095,484,273.94	2,975,243,769.22	2,024,729,846.54	(428,148,457.32)	(316,265,039.93)	480,979,671,654.73	434,803,949,080.55
Operating costs and expenses	455,732,276,444.55	404,842,675,000.33	2,021,686,566.57	1,723,844,053.27	(666,266,250.62)	(319,922,709.55)	457,087,696,760.50	406,246,596,344.05
Add: Gain(loss)from changes in fair value	3,467,505.78	(233,005,330.92)	3,673,828.98	(92,818,448.43)	-	-	7,141,334.76	(325,823,779.35)
Investment income	14,795,823,668.40	12,700,409,098.94	1,035,915,400.87	1,502,688,907.25	(402,397,865.08)	(751,132,115.15)	15,429,341,204.19	13,451,965,891.04
Exchange gain(loss)	-	-	11,132,345.15	13,994,783.99	-	-	11,132,345.15	13,994,783.99
Profit (loss)	37,499,591,072.46	40,720,213,041.63	2,004,278,777.65	1,724,751,036.08	(164,280,071.78)	(747,474,445.53)	39,339,589,778.33	41,697,489,632.18
Add: Non-operating income	1,052,933,178.44	683,914,694.75	44,332,680.58	1,488,110.88	-	-	1,097,265,859.02	685,402,805.63
Less: Non-operating expense	280,406,484.82	354,673,369.95	84,181.34	56,280.97	-	-	280,490,666.16	354,729,650.92
Total profit	38,272,117,766.08	41,049,454,366.43	2,048,527,276.89	1,726,182,865.99	(164,280,071.78)	(747,474,445.53)	40,156,364,971.19	42,028,162,786.89
Less: Income tax expense	6,314,363,275.30	6,763,176,245.83	313,747,968.13	275,355,507.87	-	-	6,628,111,243.43	7,038,531,753.70
Net profit	31,957,754,490.78	34,286,278,120.60	1,734,779,308.76	1,450,827,358.12	(164,280,071.78)	(747,474,445.53)	33,528,253,727.76	34,989,631,033.19

Unit: RMB

	Vehicles and parts		Financing		Elimination		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Total assets by segment	287,108,319,078.61	292,891,315,041.36	77,245,425,812.81	69,059,898,676.35	(47,150,745,923.31)	(43,318,032,722.64)	317,202,998,968.11	318,633,180,995.07
Total liabilities by segment	145,091,463,649.28	162,193,577,221.51	70,919,404,291.05	63,070,383,334.66	(43,814,225,522.81)	(39,747,096,401.84)	172,196,642,417.52	185,516,864,154.33
Additional information:								
Depreciation and amortization	6,724,027,847.86	7,756,667,442.53	4,558,684.35	6,319,878.79	-	-	6,728,586,532.21	7,762,987,321.32
Impairment loss recognized in current year	2,158,597,938.03	700,183,486.59	141,778,608.01	289,516,414.89	(3,701,873.00)	3,881,455.61	2,296,674,673.04	993,581,357.09
Capital expenditure:	15,999,748,504.32	16,161,023,478.15	8,786,576.28	4,150,391.00	-	-	16,008,535,080.60	16,165,173,869.15
Including: Expenditure used in construction in progress	14,415,566,892.37	13,512,159,632.58	3,927,050.00	-	-	-	14,419,493,942.37	13,512,159,632.58
Expenditure used in purchase of fixed assets	577,965,229.86	626,406,507.21	4,276,136.90	4,150,391.00	-	-	582,241,366.76	630,556,898.21
Expenditure used in purchase of intangible assets	432,732,920.99	1,194,851,652.65	583,389.38	-	-	-	433,316,310.37	1,194,851,652.65
Development costs	444,643,650.77	195,378,914.67	-	-	-	-	444,643,650.77	195,378,914.67
Expenditure used in long-term deferred expenses	126,892,490.86	510,794,626.92	-	-	-	-	126,892,490.86	510,794,626.92
Expenditure used in investment properties	1,947,319.47	121,432,144.12	-	-	-	-	1,947,319.47	121,432,144.12

XI. OTHER SIGNIFICANT EVENTS - continued**3. Segment report - continued**

(2) Income from transactions with third parties categorized by the location of the source of income and non-current assets categorized by the location of the assets

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Income generated from domestic entities	480,463,267,762.88	434,226,642,417.92
Others	856,579,890.14	958,783,794.01
Elimination	(340,175,998.29)	(381,477,131.38)
Total	480,979,671,654.73	434,803,949,080.55

Unit: RMB

Item	December 31, 2012	December 31, 2011
Non-current assets located within the country	125,626,538,418.81	126,292,012,421.12
Others	2,777,970,794.82	2,055,345,723.36
Elimination	(356,165,494.50)	(947,138,695.26)
Total	128,048,343,719.13	127,400,219,449.22

4. Financial instrument and risk management

The Group's major financial instruments include cash and bank balances, held-for-trading financial assets, notes receivable, accounts receivable, financial assets purchased under resell agreements, loans and advances, available-for-sale financial assets, long-term receivables, borrowings, held-for-trading financial liabilities, notes payable, financial assets sold under repurchase agreements and bonds payable, etc. Details of these financial instruments are disclosed in Note (VI). The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure the risks are monitored at a certain level.

(1) Risk management objectives and policies

The Group's risk management objectives are to achieve a proper balance between risks and yield, minimize the adverse impacts of risks on the Group's operation performance, and maximize the benefits of the shareholders and other stakeholders. Based on these risk management objectives, the Group's basic risk management strategy is to identify and analyses the Group's exposure to various risks, establish an appropriate maximum tolerance to risk, implements risk management, and monitors regularly and effectively these exposures to ensure the risks are monitored at a certain level.

(1) 1 Market risk**(1) 1.1 Currency risk**

Currency risk is the risk that losses will occur because of changes in foreign exchange rates. The Group is closely monitoring effects might have on currency risk due to change in exchange rate. However, since the majority of the Group's transactions took place inside China and most assets and liabilities are dominated in RMB, the management of the Group considers there is no significant currency risk affecting the financial statements.

(1) 1.2 Interest rate risk

The Group is exposed to cash flow risk because the Group borrows funds at floating interest rates. At the year-end, Group had floating rate borrowings of RMB 5,519,326,000. For floating rate borrowings, if the interest rates had been 25 base points higher/lower and other variables were held constant, profit before tax would decreasesd dt dtc (s) (r) Tj-0.12864 Tc (f) Tj0 Tc () Tj-0.08352 Tc (R) Tj-0.02784 Tc (M) Tj-

XI. OTHER SIGNIFICANT EVENTS - continued

(1) Risk management objectives and policies- continued

(1) 1 Market risk - continued

(1) 1.3 Other price risk

The Group's available-for-sale financial assets and held-for-trading financial assets are measured at fair value at each balance sheet date. At the year-end, available-for-sale financial assets and held-for-trading financial assets held by the Group are mainly stocks, monetary funds, bond funds and bond investments, etc. Therefore, the Group is exposed to the risks of changes in the security prices. For security investments held by the Group at the year-end, if the market price had been 1% higher/lower and other variables were held constant, shareholders' equity at the year-end would increase/decrease by RMB209,504,000 (effect of deferred tax is not considered).

(1) 2 Credit risk

At the year-end, the Group's maximum exposure to credit risk which will result in financial loss to the Group arises from counterparty's default on its contractual obligations. Carrying amounts of financial assets as of the balance sheet date represent the credit risk exposure. For financial instruments measured at fair value, the carrying amount reflects the exposure to risks rather than the maximum exposure to risks, which varies with the future changes in fair value.

In order to minimize credit risk, the Group delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade receivables at each balance sheet date to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the management of the Group considers that the Group's credit risk is significantly reduced.

The Group's working capital is deposited in banks with high credit rating, so the credit risk of working capital is limited.

Except for the amount of accounts receivable due from certain JCEs of the Group (see Note (VII)6), the Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

(1) 3 Liquidity risk

In the management of liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations of cash flows. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants. Therefore, management of the Group believes that the Group is not exposed to significant liquidity risks.

XI. OTHER SIGNIFICANT EVENTS - continued**(2) Fair value**

Fair values of financial assets and financial liabilities are determined as follows:

The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active markets are determined with reference to quoted market bid prices and ask prices respectively;

The fair value of other financial assets and financial liabilities (excluding derivative instruments) are determined based on generally accepted pricing models based on discounted cash flow analysis or using prices from observable current market transactions;

The fair value of derivative instruments are determined with reference to quoted market prices in active markets. Where such quoted prices are not available, the fair value of a non-option-based derivative is estimated using discounted cash flow analysis and on the basis of the applicable yield curve. For an option-based derivative, the fair value is estimated using option pricing model.

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS**1. Notes receivable**

Unit: RMB

Item	December 31, 2012	December 31, 2011
Bank acceptances	1,230,917,683.00	786,530,626.00
Commercial acceptances	337,883,194.00	40,032,000.00
Total	1,568,800,877.00	826,562,626.00

2. Accounts receivable

(1) Aging analysis of accounts receivable is as follows:

Unit: RMB

Aging	December 31, 2012				December 31, 2011			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
Within 1 year	357,459,219.21	96.10	-	357,459,219.21	258,282,933.53	99.89	-	258,282,933.53
1-2 years	14,446,162.66	3.88	-	14,446,162.66	278,886.33	0.11	20,100.00	258,786.33
2-3 years	65,838.50	0.02	46,900.00	18,938.50	-	-	-	-
Total	371,971,220.37	100.00	46,900.00	371,924,320.37	258,561,819.86	100.00	20,100.00	258,541,719.86

(2) Disclosure of accounts receivable by categories:

Unit: RMB

Category	December 31, 2012				December 31, 2011			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Receivables for individually significant items and with individual provision for bad debts	-	-	-	-	-	-	-	-
Receivables with provision for bad debts on aging combination								
With 1 year	357,459,219.21	96.10	-	-	258,282,933.53	99.89	-	-
1-2 years	14,446,162.66	3.88	-	-	278,886.33	0.11	20,100.00	100.00
2-3 years	65,838.50	0.02	46,900.00	100.00	-	-	-	-
Total	371,971,220.37	100.00	46,900.00	100.00	258,561,819.86	100.00	20,100.00	100.00

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**2. Accounts receivable - continued**

(3) Top five balances of accounts receivable:

Unit: RMB

Organization name	Relationship with the Company	Amount	Aging	Proportion to total accounts receivable (%)
Company 1	JCE	71,609,319.22	Within 1 year	19.25
Company 2	Subsidiary	60,741,388.00	Within 1 year	16.33
Company 3	Third party	35,792,847.32	Within 1 year	9.62
Company 4	Third party	23,229,208.00	Within 1 year	6.24
Company 5	Third party	16,980,061.50	Within 2 years	4.57
Total		208,352,824.04		56.01

3. Other receivable

(1) Aging analysis for other receivables is as follows:

Unit: RMB

Aging	December 31, 2012				December 31, 2011			
	Amount	Proportion (%)	Bad debt provision	Book value	Amount	Proportion (%)	Bad debt provision	Book value
With 1 year	706,049,840.44	59.95	-	706,049,840.44	113,777,213.17	19.68	-	113,777,213.17
1-2 years	13,610,787.24	1.16	-	13,610,787.24	463,489,550.43	80.15	-	463,489,550.43
2-3 years	457,207,498.72	38.82	-	457,207,498.72	437,665.50	0.07	-	437,665.50
Over 3 years	854,499.50	0.07	-	854,499.50	568,394.00	0.10	-	568,394.00
Total	1,177,722,625.90	100.00	-	1,177,722,625.90	578,272,823.10	100.00	-	578,272,823.10

(2) Disclosure of other receivables by categories:

Unit: RMB

Category	December 31, 2012				December 31, 2011			
	Book balance		Bad debt provision		Book balance		Bad debt provision	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Receivables for individually significant items and with individual provision for bad debts	-	-	-	-	-	-	-	-
Receivables with provision for bad debts on aging combination								
With 1 year	706,049,840.44	59.95	-	-	113,777,213.17	19.68	-	-
1-2 years	13,610,787.24	1.16	-	-	463,489,550.43	80.15	-	-
2-3 years	457,207,498.72	38.82	-	-	437,665.50	0.07	-	-
Over 3 years	854,499.50	0.07	-	-	568,394.00	0.10	-	-
Total	1,177,722,625.90	100.00	-	-	578,272,823.10	100.00	-	-

(3) Top five balances of other receivables:

Unit: RMB

Organization name	Relationship with the Company	Amount	Aging	Proportion to total other receivables (%)
Company 1	Subsidiary	506,522,851.79	Within 1 year	43.01
Company 2	Subsidiary	450,218,442.61	2-3 years	38.23
Company 3	Subsidiary	145,419,488.87	Within 1 year	12.35
Company 4	Subsidiary	4,869,000.00	1-2 years	0.41
Company 5	JCE	3,684,210.52	Within 1 year	0.31
Total		1,110,713,993.79		94.31

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****4. Inventories**

(1) Categories of inventories

Unit: RMB

Categories of inventories	December 31, 2012			December 31, 2011		
	Book balance	Provision	Book value	Book balance	Provision	Book value
Raw materials	320,997,164.16	39,788,927.62	281,208,236.54	298,389,896.35	46,871,991.36	251,517,904.99
Goods in process	10,170,404.95	-	10,170,404.95	12,087,834.85	-	12,087,834.85
Finished products	849,373,187.38	16,467,359.55	832,905,827.83	1,259,999,373.50	10,226,691.10	1,249,772,682.40
Total	1,180,540,756.49	56,256,287.17	1,124,284,469.32	1,570,477,104.70	57,098,682.46	1,513,378,422.24

(2) Provision for decline in value of inventories

Unit: RMB

Categories of inventories	December 31, 2011	Accrual	Write-off	December 31, 2012
Raw material	46,871,991.36	-	7,083,063.74	39,788,927.62
Finished goods	10,226,691.10	9,978,608.00	3,737,939.55	16,467,359.55
Total	57,098,682.46	9,978,608.00	10,821,003.29	56,256,287.17

(3) Provision for decline in value of inventories

Item	Basis of provision for decline in value of inventories	Reason for reversal of provision
Raw material	Lower of cost or net realizable value	Not applicable
Finished goods	Lower of cost or net realizable value	Not applicable

5. Available-for-sale financial assets

Unit: RMB

Item	December 31, 2012	December 31, 2011
Available-for-sale equity instruments	5,076,436,663.25	4,384,246,255.53

6. Investments in JCEs and associates

See note(VI)14.

7. Long-term equity investments

Unit: RMB

	December 31, 2012	December 31, 2011
Long-term equity investments accounted for using equity method		
- Investments in JCEs and associates	30,820,016,842.49	18,018,307,950.53
Long-term equity investments accounted for using cost method		
-Investments in subsidiaries	34,834,934,687.19	44,897,222,465.68
-Investments in other enterprises	494,566,740.00	894,566,740.00
Total	66,149,518,269.68	63,810,097,156.21
Less: Impairment	494,566,740.00	894,566,740.00
Net book value	65,654,951,529.68	62,915,530,416.21

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

7. Long-term equity investments - continued

Details of long-term equity investment are as follows:

Unit: RMB

Invested companies	Accounting method	December 31, 2011	Increase/Decrease	December 31, 2012	Equity interest held by the Company at the year-end (%)	Impairment at the year-end	Provision for impairment for the year
Subsidiaries							
SAIC GM Wuling Co., Ltd.	Cost method	1,126,669,400.01	-	1,126,669,400.01	50.10	-	-
Shanghai Huizhong Automotive Manufacturing Co., Ltd.	Cost method	2,866,842,821.53	-	2,866,842,821.53	100.00	-	-
SAIC Motor Commercial Vehicle Co., Ltd. (Note 1)	Cost method	1,949,435,000.00	44,000,000.00	1,993,435,000.00	100.00	-	-
SAIC Finance Co., Ltd.	Cost method	3,584,176,933.09	-	3,584,176,933.09	98.59	-	-
SAIC-Volkswagen Sales Co., Ltd.	Cost method	225,339,303.84	-	225,339,303.84	50.00	-	-
Shanghai PengPu Machine Building Plant Co., Ltd.	Cost method	168,571,831.61	-	168,571,831.61	100.00	-	-
Shanghai Shenlian Special Purpose Vehicle Co., Ltd. (Note 2)	Cost method	14,733,987.11	(14,733,987.11)	-	-	-	-
DIAS Automotive Electronic Systems Co., Ltd. (Note 3)	Cost method	36,000,000.00	54,000,000.00	90,000,000.00	60.00	-	-
SAIC Motor Transmission Co., Ltd.	Cost method	2,196,500,000.00	-	2,196,500,000.00	100.00	-	-
Nanjing Automobile (Group) Corporation	Cost method	2,723,861,978.39	-	2,723,861,978.39	100.00	-	-
Shanghai Diesel Engine Co., Ltd. (Note 4)	Cost method	923,420,000.00	249,999,996.46	1,173,419,996.46	47.92	-	-
SAIC HK Investment Co., Ltd.	Cost method	67,746,690.00	-	67,746,690.00	100.00	-	-
Jiangsu SAIC Roewe Automotive Sales & Service Co., Ltd.	Cost method	27,000,000.00	-	27,000,000.00	90.00	-	-
SAIC Motor UK Co., Ltd.	Cost method	46,468,800.00	-	46,468,800.00	100.00	-	-
SAIC Tangshan Bus Co., Ltd.	Cost method	86,700,000.00	-	86,700,000.00	51.00	-	-
SAIC Motor Equity Investment Co., Ltd. (Note 5)	Cost method	500,000,000.00	200,000,000.00	700,000,000.00	100.00	-	-
SAIC General Motors Sales Co., Ltd.	Cost method	158,319,147.00	-	158,319,147.00	51.00	-	-
HUAYU Automotive Systems Co., Ltd.	Cost method	9,956,431,904.22	-	9,956,431,904.22	60.10	-	-
SAIC Motor(Beijing) Co., Ltd.	Cost method	316,317,252.11	-	316,317,252.11	100.00	-	-
Shanghai Automobile Asset Management Co., Ltd.	Cost method	354,425,316.32	-	354,425,316.32	100.00	-	-
Shanghai International Auto Parts Sourcing Center Co., Ltd.	Cost method	35,103,538.99	-	35,103,538.99	80.00	-	-
Shanghai Venture Capital Co., Ltd. (Note 6)	Cost method	904,962,635.32	(904,962,635.32)	-	-	-	-
SAIC Information Industrial Investment Co., Ltd.	Cost method	123,581,596.26	-	123,581,596.26	100.00	-	-
Shanghai Automobile Import & Export Co., Ltd.	Cost method	718,946,218.48	-	718,946,218.48	100.00	-	-
Shanghai Automotive Industry Sales Co., Ltd. (Note 7)	Cost method	1,263,264,296.95	500,000,000.00	1,763,264,296.95	100.00	-	-
SAIC HK Limited	Cost method	590,973,200.76	-	590,973,200.76	100.00	-	-
SAIC Motor North America Co., Ltd.	Cost method	172,336,204.50	-	172,336,204.50	100.00	-	-
Anji Automotive Logistics Co., Ltd.	Cost method	2,071,960,289.98	-	2,071,960,289.98	100.00	-	-
Donghua Automobile Industrial Co., Ltd.	Cost method	654,940,453.36	-	654,940,453.36	75.00	-	-
Nanjing Tooling Co., Ltd. (Note 8)	Cost method	92,911,441.36	125,445,158.00	218,356,599.36	70.00	-	-
Shanghai Shangyuan Investment Management Co., Ltd.	Cost method	115,167,221.39	-	115,167,221.39	100.00	-	-
China Automotive Industrial Development Co., Ltd.	Cost method	274,872,910.12	-	274,872,910.12	100.00	-	-
SAIC Motor Activity Center Co., Ltd. (Note 9)	Cost method	113,314,188.68	50,000,000.00	163,314,188.68	100.00	-	-
Shanghai Automotive News Press Co., Ltd.	Cost method	9,891,593.78	-	9,891,593.78	100.00	-	-
Shanghai Jineng Bus Drive System Co., Ltd. (Note 10)	Cost method	-	60,000,000.00	60,000,000.00	60.00	-	-
Shanghai General Motors Co., Ltd. (Note 11)	Cost method	8,142,956,696.33	(8,142,956,696.33)	-	50.00	-	-
Shanghai GM Dong Yue Motors Co., Ltd. (Note 11)	Cost method	473,357,238.98	(473,357,238.98)	-	25.00	-	-

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**7. Long-term equity investments - continued**

Unit: RMB

Invested companies	Accounting method	December 31, 2011	Increase/Decrease	December 31, 2012	Equity interest held by the Company at the year-end (%)	Impairment at the year-end	Provision for impairment for the year
Subsidiaries - Continued							
Shanghai GM Dong Yue Automotive Powertrain Co., Ltd. (Note 11)	Cost method	980,945,394.04	(980,945,394.04)	-	25.00	-	-
Shanghai GM (Shenyang) Norsom Motors Co., Ltd. (Note 11)	Cost method	828,776,981.17	(828,776,981.17)	-	25.00	-	-
Sub-total		44,897,222,465.68	(10,062,287,778.49)	34,834,934,687.19		-	-

Note 1: During the year, the Company made additional capital contribution of RMB 44,000,000.00 to SAIC Motor Commercial Vehicle Co., Ltd. by cash.

Note 2: During the year, the Company transferred 51% equity interest of Shanghai Shenlian Special Purpose Vehicle Co., Ltd. to SAIC Motor Commercial Vehicle Co., Ltd., a subsidiary.

Note 3: During the year, with all investors' consensus, the Company made additional capital contribution of RMB 54,000,000.00 to DIAS Automotive Electronic Systems Co., Ltd. by cash and investments from other investors remain unchanged. After the capital contribution, the direct equity interest held by the Company is increased to 60%.

Note 4: As stated in Note (IV)1, in Shanghai Diesel's non-public issue, the Company subscribed 18,573,551 shares with RMB 249,999,996.46 by cash, the shares subscribed by the Company are restricted for 36 months and are expected to be released for trading on March 23, 2015. After the non-public issue, the Company holds 47.92% equity interest of Shanghai Diesel.

Note 5: During the year, the Company made additional capital contribution of RMB 200,000,000.00 to SAIC Motor Equity Investment Co., Ltd. by cash.

Note 6: During the year, the Company transferred the equity interest of Shanghai Venture Capital Co., Ltd. to SAIC Motor Equity Investment Co., Ltd., a subsidiary.

Note 7: During the year, the Company made additional capital contribution of RMB 500,000,000.00 to Shanghai Automotive Industry Sales Co., Ltd. by cash.

Note 8: See Note(IV)1(2), Note 5.

Note 9: During the year, the Company made additional capital contribution of RMB 50,000,000.00 to SAIC Motor Activity Center Co., Ltd. by cash.

Note 10: Shanghai Jineng Bus Drive System Co., Ltd. was newly established during the year.

Note 11: See Note(IV)2.

SAIC MOTOR CORPORATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

7. Long-term equity investments - continued

Unit: RMB

Invested companies	Accounting method	December 31, 2011	Increase/Decrease	December 31, 2012	Equity interest held by the Company at the year-end (%)	Impairment at the year-end	Provision for impairment for the year
JCEs and Associates							
SAIC-Volkswagen automotive Co., Ltd.	Equity method	15,878,298,968.94	486,268,430.59	16,364,567,399.53	50.00	-	-
Shanghai General Motors Co., Ltd.	Equity method	-	8,772,901,890.41	8,772,901,890.41	50.00	-	-
Shanghai GM Dong Yue Motors Co., Ltd.	Equity method	-	761,477,807.97	761,477,807.97	25.00	-	-
Shanghai GM Dong Yue Automotive Powertrain Co., Ltd.	Equity method	-	1,537,345,934.91	1,537,345,934.91	25.00	-	-
Shanghai GM (Shenyang) Norsom Motors Co., Ltd.	Equity method	-	986,470,096.63	986,470,096.63	25.00	-	-
Pan-Asia Technical Automotive Center	Equity method	363,136,706.65	42,186,569.03	405,323,275.68	50.00	-	-
Shanghai Sunwin Co., Ltd.	Equity method	163,855,485.70	2,079,150.59	165,934,636.29	50.00	-	-
SAIC Iveco Commercial Vehicle Investment Co., Ltd.	Equity method	370,391,339.22	(136,050,568.13)	234,340,771.09	50.00	-	-
Shanghai Jieneng Automotive Technology Co., Ltd.	Equity method	12,569,664.97	(12,569,664.97)	-	10.00	-	-
Shanghai Advanced Traction Battery Systems Co., Ltd.	Equity method	20,474,359.77	(14,525,350.23)	5,949,009.54	51.00	-	-
Volkswagen Automotive Powertrain Co., Ltd.	Equity method	980,047,964.64	327,005,665.63	1,307,053,630.27	40.00	-	-
Volkswagen Transmission (Shanghai) Co., Ltd.	Equity method	144,949,152.04	49,245,507.02	194,194,659.06	20.00	-	-
China Automobile Development United Investment Co., Ltd.	Equity method	40,503,300.68	(481,286.84)	40,022,013.84	20.74	-	-
Sunrise Power Co., Ltd.	Equity method	44,081,007.92	354,709.35	44,435,717.27	34.19	-	-
Sub-total		18,018,307,950.53	12,801,708,891.96	30,820,016,842.49		-	-

Unit: RMB

Invested companies	Accounting method	December 31, 2011	Cancel after verification	December 31, 2012	Equity interest held by the Company at the year-end (%)	Impairment as of the year-end	Provision for impairment for the year
Other long-term equity investment							
Nanfang Securities Co., Ltd. (Note)	Cost method	396,000,000.00	(396,000,000.00)	-	-	-	(396,000,000.00)
Shanghai Great Dragon Sanhe Information Technology Co., Ltd. (Note)	Cost method	4,000,000.00	(4,000,000.00)	-	-	-	(4,000,000.00)
GM Korea Company	Cost method	494,566,740.00	-	494,566,740.00	6.01	494,566,740.00	-
Sub-total		894,566,740.00	(400,000,000.00)	494,566,740.00		494,566,740.00	(400,000,000.00)
Total		63,810,097,156.21	2,339,421,113.47	66,149,518,269.68		494,566,740.00	(400,000,000.00)

Note: The investment and related provision for impairment loss were written off during the year.

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**8. Investment properties**

Movements of investment properties measured at cost are as follows:

Unit: RMB

Item	December 31, 2011	Increase	Decrease	December 31, 2012
I. Cost	425,461,907.32	13,122,904.07	-	438,584,811.39
1. Buildings	375,074,954.34	13,122,904.07	-	388,197,858.41
2. Land use right	50,386,952.98	-	-	50,386,952.98
II. Accumulated depreciation and amortization	63,600,896.87	15,787,503.83	-	79,388,400.70
1. Buildings	56,210,810.67	14,779,764.83	-	70,990,575.50
2. Land use right	7,390,086.20	1,007,739.00	-	8,397,825.20
III. Net book value	361,861,010.45			359,196,410.69
1. Buildings	318,864,143.67			317,207,282.91
2. Land use right	42,996,866.78			41,989,127.78

Note: (1) The increase in cost is due to transfer from fixed assets.

(2) Of the increase in accumulated depreciation and amortization, RMB 11,076,305.28 is due to provision of depreciation and amortization and RMB 4,711,198.55 is due to transfer from fixed assets.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012**XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued****9. Fixed assets****(1) General**

Unit: RMB

Item	December 31, 2011	Increase	Decrease	December 31, 2012
I. Cost	5,859,887,864.81	883,683,288.58	251,826,788.01	6,491,744,365.38
Including: Buildings	1,641,658,168.73	36,749,210.38	13,122,904.07	1,665,284,475.04
Machinery and equipment	2,345,909,881.82	457,440,019.59	89,884,158.85	2,713,465,742.56
Electronic equipment, furniture and fixtures	317,418,922.43	64,083,468.57	5,965,146.19	375,537,244.81
Transportation vehicles	57,325,675.78	6,381,309.68	6,349,155.48	57,357,829.98
Mold	1,497,575,216.05	319,029,280.36	136,505,423.42	1,680,099,072.99
II. Accumulated depreciation	1,550,903,721.44	460,521,291.72	37,516,503.94	1,973,908,509.22
Including: Buildings	259,039,556.08	68,167,986.14	4,711,198.55	322,496,343.67
Machinery and equipment	600,204,654.59	231,322,230.45	16,298,292.04	815,228,593.00
Electronic equipment, furniture and fixtures	192,685,530.53	52,075,894.38	5,247,521.41	239,513,903.50
Transportation vehicles	33,740,895.00	4,345,844.05	3,700,425.03	34,386,314.02
Mold	465,233,085.24	104,609,336.70	7,559,066.91	562,283,355.03
III. Closing balance	4,308,984,143.37			4,517,835,856.16
Including: Buildings	1,382,618,612.65			1,342,788,131.37
Machinery and equipment	1,745,705,227.23			1,898,237,149.56
Electronic equipment, furniture and fixtures	124,733,391.90			136,023,341.31
Transportation vehicles	23,584,780.78			22,971,515.96
Mold	1,032,342,130.81			1,117,815,717.96
IV. Impairment	384,792,727.56	133,468,184.06	112,969,109.57	405,291,802.05
Including: Buildings	-	-	-	-
Machinery and equipment	6,889,836.41	-	1,597,474.00	5,292,362.41
Electronic equipment, furniture and fixtures	31,550.00	-	5,930.00	25,620.00
Transportation vehicles	261,291.00	-	-	261,291.00
Mold	377,610,050.15	133,468,184.06	111,365,705.57	399,712,528.64
V. Net book value	3,924,191,415.81			4,112,544,054.11
Including: Buildings	1,382,618,612.65			1,342,788,131.37
Machinery and equipment	1,738,815,390.82			1,892,944,787.15
Electronic equipment, furniture and fixtures	124,701,841.90			135,997,721.31
Transportation vehicles	23,323,489.78			22,710,224.96
Mold	654,732,080.66			718,103,189.32

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

9. Fixed assets- continued

(1) General- continued

Note: (1) Of the increase in cost, RMB 11,250,711.07 is due to purchase and RMB 872,432,577.51 is due to transfer from construction in progress.

(2) Of the decrease in cost, RMB 238,703,883.94 is due to disposal of fixed assets.

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2012

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued

11. Intangible assets and development expenditures

(1) General

Unit: RMB

Item	December 31, 2011	Increase	Decrease	December 31, 2012
I. Cost	4,634,710,163.76	587,438,073.59	263,965.88	5,221,884,271.47
Land use right	1,295,123,938.67	199,591,380.87	-	1,494,715,319.54
Know-how	2,036,755,754.93	307,954,648.90	-	2,344,710,403.83
Software	274,768,218.11	79,892,043.82	263,965.88	354,396,296.05
Patent	1,025,962,252.05	-	-	1,025,962,252.05
Trademark right	2,100,000.00	-	-	2,100,000.00
II. Accumulated amortization	1,884,344,749.09	521,110,477.70	263,965.88	2,405,191,260.91
Land use right	83,085,837.02	28,804,871.22	-	111,890,708.24
Know-how	809,439,482.90	439,429,508.57	-	1,248,868,991.47
Software	109,234,926.00	32,948,153.79	263,965.88	141,919,113.91
Patent	882,365,085.17	19,688,579.04	-	902,053,664.21
Trademark right	219,418.00	239,365.08	-	458,783.08
III. Closing balance	2,750,365,414.67			2,816,693,010.56
Land use right	1,212,038,101.65			1,382,824,611.30
Know-how	1,227,316,272.03			1,095,841,412.36
Software	165,533,292.11			212,477,182.14
Patent	143,597,166.88			123,908,587.84
Trademark right	1,880,582.00			1,641,216.92
IV. Impairment	275,622,049.85	-	-	275,622,049.85
Know-how	194,372,049.85	-	-	194,372,049.85
Patent	81,250,000.00	-	-	81,250,000.00
V. Net book value	2,474,743,364.82			2,541,070,960.71
Land use right	1,212,038,101.65			1,382,824,611.30
Know-how	1,032,944,222.18			901,469,362.51
Software	165,533,292.11			212,477,182.14
Patent	62,347,166.88			42,658,587.84
Trademark right	1,880,582.00			1,641,216.92

Note: (1) Of the increase in cost, RMB 192,314,977.55 is due to transferred from construction in progress, RMB 307,954,648.90 is due to transfer from development expenditures and RMB 87,168,447.14 is due to purchase. The decrease in cost is due to disposals.

(2) The increase in accumulated amortization is due to provision of amortization. The decrease in accumulated amortization is due to disposals.

(3) At the year-end, certificates of title of land use right with net value of RMB 183,685,466.74 were not obtained.

(2) Details of development expenditures

Unit: RMB

Item	December 31, 2011	Increase during the year	Decrease during the year		December 31, 2012
			Recognized in profit and loss	Transferred to intangible assets	
Research expenditures	-	953,453,038.13	953,453,038.13	-	-
Development expenditures	512,022,144.50	1,142,867,065.34	745,078,253.54	307,954,648.90	601,856,307.40
Total	512,022,144.50	2,096,320,103.47	1,698,531,291.67	307,954,648.90	601,856,307.40

Development expenditures accounts for 54.52% of total research and development expenditures (Year 2011: 67.85%).

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**12. Short-term borrowings**

Unit: RMB

Item	December 31, 2012	December 31, 2011
Credit loans	64,508,000.00	64,508,000.00

13. Employee benefits payable

Unit: RMB

Item	December 31, 2012	December 31, 2011
Payroll, bonus, allowance and compensation	949,452,451.31	557,286,399.26
Housing funds	15,352.00	109,202.00
Trade union fund and employee education fund	219,372,805.86	217,328,411.12
Termination benefits	1,871,351.06	31,308,296.96
Total	1,170,711,960.23	806,032,309.34

14. Non-current liabilities due within one year

Unit: RMB

Item	December 31, 2012	December 31, 2011
Bonds payable due within one year (Note(VI)40)	6,031,722,400.31	-
Provisions due within one year (Note(XII)16)	224,334,064.69	189,021,614.94
Long-term borrowings due within one year (Note(XII)15)	129,800,000.00	1,307,900,000.00
Total	6,385,856,465.00	1,496,921,614.94

15. Long-term borrowings

Unit: RMB

Item	December 31, 2012	December 31, 2011
Credit loans	129,800,000.00	1,129,800,000.00
Guaranteed loans	-	210,000,000.00
Sub-total	129,800,000.00	1,339,800,000.00
Less: Long-term borrowings due within one year (Note(XII)14)	129,800,000.00	1,307,900,000.00
Total	-	31,900,000.00

16. Provisions

Unit: RMB

Item	December 31, 2012	December 31, 2011
Products quality warranty	530,104,383.67	337,414,715.20
Others	7,520,000.00	144,520,000.00
Sub-total	537,624,383.67	481,934,715.20
Less: Provisions due within one year (Note(XII)14)	224,334,064.69	189,021,614.94
Provisions due after one year	313,290,318.98	292,913,100.26

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**17. Deferred tax liabilities**

(1) Recognized deferred tax liabilities

Unit: RMB

Item	December 31, 2012	December 31, 2011
Deferred tax liabilities		
Initial recognition and accumulated amortization of convertible bonds	31,988,639.94	71,653,649.82
Fair value changes of held-for-sale financial assets included in capital reserve	103,798,554.08	-
Total	135,787,194.02	71,653,649.82

(2) Deductible or taxable temporary differences associated with recognized deferred tax liabilities

Unit: RMB

Item	Temporary differences
December 31, 2012	
Taxable temporary differences:	
Initial recognition and accumulated amortization of convertible bonds	213,257,599.69
Fair value changes of held-for-sale financial assets included in capital reserve	691,990,360.52
Sub-total	905,247,960.21
December 31, 2011	
Taxable temporary differences:	
Initial recognition and accumulated amortization of convertible bonds	477,690,998.89

18. Special payables

Unit: RMB

Item	December 31, 2012	December 31, 2011
Special reward fund	972,655,000.00	987,830,000.00

19. Other non-current liabilities

Unit: RMB

Item	December 31, 2012	December 31, 2011
Compensation and retirement benefits	4,210,691,722.07	4,403,541,488.23
Deferred income - Government grants	273,311,947.41	276,053,015.80
Total	4,484,003,669.48	4,679,594,504.03

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**20. Capital reserve**

Unit: RMB

Item	Opening balance	Increase	Decrease	Closing balance
Year 2012:				
Share premium	50,156,778,321.54	-	188,679.25	50,156,589,642.29
Including: Capital contributed by investors	49,977,278,984.15	-	188,679.25	49,977,090,304.90
Differences arising from business combination involving enterprises under common control	179,499,337.39	-	-	179,499,337.39
Other comprehensive income	121,664,436.82	758,705,355.49	-	880,369,792.31
Other capital reserves	473,181,640.96	-	-	473,181,640.96
Total	50,751,624,399.32	758,705,355.49	188,679.25	51,510,141,075.56
Year 2011:				
Share premium	28,978,121,576.00	21,178,656,745.54	-	50,156,778,321.54
Including: Capital contributed by investors (Note)	28,798,622,238.61	21,178,656,745.54	-	49,977,278,984.15
Differences arising from business combination involving enterprises under common control	179,499,337.39	-	-	179,499,337.39
Other comprehensive income	283,485,230.10	-	161,820,793.28	121,664,436.82
Other capital reserves	473,181,640.96	-	-	473,181,640.96
Total	29,734,788,447.06	21,178,656,745.54	161,820,793.28	50,751,624,399.32

Note: See Note(XI)1(3).

21. Operating income/costs

(1) Operating income/costs

Unit: RMB

Category	Year Ended December 31, 2012		Year Ended December 31, 2011	
	Operating income	Operating costs	Operating income	Operating costs
Primary operations	16,840,697,450.65	15,268,813,444.49	14,818,471,443.83	12,903,398,665.39
Other operations	970,317,595.76	768,195,123.49	1,034,126,202.77	955,383,679.13
Total	17,811,015,046.41	16,037,008,567.98	15,852,597,646.60	13,858,782,344.52

(2) Primary operations

Unit: RMB

Category	Year Ended December 31, 2012		Year Ended December 31, 2011	
	Operating income	Operating costs	Operating income	Operating costs
Sales of vehicles	15,673,885,322.81	14,305,309,967.82	13,882,317,888.85	12,168,031,771.75
Sales of parts	1,166,812,127.84	963,503,476.67	936,153,554.98	735,366,893.64
Total	16,840,697,450.65	15,268,813,444.49	14,818,471,443.83	12,903,398,665.39

(3) Other operations

Unit: RMB

	Year Ended December 31, 2012		Year Ended December 31, 2011	
	Operating income	Operating costs	Operating income	Operating costs
Sales of raw materials	307,557,798.85	328,128,408.48	527,000,611.20	556,777,829.29
Rendering services	249,009,019.34	177,675,519.32	225,100,473.27	166,627,916.17
Rental	46,922,124.17	18,005,351.31	25,739,299.00	7,217,490.24
Royalties and transfer of technology	298,728,084.86	194,954,500.00	-	-
Others	68,100,568.54	49,431,344.38	256,285,819.30	224,760,443.43
Total	970,317,595.76	768,195,123.49	1,034,126,202.77	955,383,679.13

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**21. Operating income/costs - continued**

(4) Operating incomes from the top five customers were as follows:

Unit: RMB

Organization name	Operating income	Proportion to total operating income (%)
Company 1	249,565,749.02	1.40
Company 2	238,272,938.06	1.34
Company 3	211,644,651.60	1.19
Company 4	211,543,988.99	1.19
Company 5	207,477,660.97	1.16
Total	1,118,504,988.64	6.28

22. Impairment losses on assets

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Bad debt losses	26,800.00	20,100.00
Decline in value of inventories	9,978,608.00	-
Impairment on fixed assets	133,468,184.06	91,632,100.00
Impairment on intangible assets	-	134,660,000.00
Total	143,473,592.06	226,312,200.00

23. Investment income

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Dividends received from investments under cost method	3,812,920,980.38	10,267,438,648.47
Long-term equity investment income under equity method	16,723,970,320.24	8,732,111,991.08
Amortization of long-term equity investment difference	(827,623.32)	(827,623.32)
Entrust loans investment income	18,930,640.46	11,439,633.68
Gain from available-for-sale financial assets	155,382,110.57	707,500.27
Gain on disposal of long-term equity investments	3,801,294.71	-
Others	-	422,290.56
Total	20,714,177,723.04	19,011,292,440.74

24. Other comprehensive income (loss)

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
1. Gain (Loss) from available-for-sale financial assets	588,391,853.64	(166,706.00)
2. Share of other comprehensive income(loss) of the investee accounted for using the equity method	170,313,501.85	(161,654,087.28)
Total	758,705,355.49	(161,820,793.28)

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**25. Supplementary information to the cash flow statements**

Unit: RMB

Supplementary information	Year Ended December 31, 2012	Year Ended December 31, 2011
1. Reconciliation of net profits to cash flow from operating activities:		
Net profit	17,026,875,298.77	15,590,169,767.35
Add: Provision for impairment loss of assets	143,473,592.06	226,312,200.00
Depreciation of fixed assets	460,521,291.72	407,165,243.16
Amortization of intangible assets	521,110,477.70	409,906,254.32
Depreciation and amortization of investment properties	11,076,305.28	6,165,286.09
Amortization of long-term prepaid expenses	2,914,970.43	82,552,138.86
Losses on disposal of fixed assets, intangible assets and other long-term assets (less gains)	(116,705,277.43)	(6,051,571.87)
Amortization of deferred tax liabilities confirmed by bonds with warrants	(39,665,009.88)	(37,606,995.76)
Financial expenses	461,790,145.03	476,398,932.22
Losses arising from investments (less gains)	(20,714,177,723.04)	(19,011,292,440.74)
Decrease in inventories (less increase)	379,115,344.92	312,019,301.72
Decrease in operating receivables (less increase)	(589,488,803.58)	(1,257,188,955.29)
Increase in operating payables (less decrease)	1,364,643,332.24	507,026,825.57
Net cash flow from operating activities	(1,088,516,055.78)	(2,294,424,014.37)
2. Significant investing and financing activities that do not involve cash receipts and payments:		
Non-monetary assets acquired in 2011 Restructuring	-	19,813,535,388.39
Transfer of entrust loans into investment in a subsidiary	-	846,000,000.00
3. Net movement of cash and cash equivalents:		
Balance at the end of the year	37,921,043,431.96	27,755,933,364.63
Less: Balance at the beginning of the year	27,755,933,364.63	21,126,904,062.35
Net increase in cash and cash equivalents	10,165,110,067.33	6,629,029,302.28

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**26. Related party relationships and transactions**

A. Major related parties which have significant transactions or balances with the Company

Name of related parties	Relationship with the Company	
	Before 2011 Restructuring	After 2011 Restructuring
Shanghai Huizhong Automotive Manufacturing Co., Ltd.	Subsidiary	Subsidiary
SAIC Motor Transmission Co., Ltd.	Subsidiary	Subsidiary
Nanjing Automobile (Group) Corporation	Subsidiary	Subsidiary
SAIC Motor Commercial Vehicle Co., Ltd.	Subsidiary	Subsidiary
SAIC Motor UK Co., Ltd.	Subsidiary	Subsidiary
DIAS Automotive Electronic Systems Co., Ltd.	Subsidiary	Subsidiary
SAIC Finance Co., Ltd.	Subsidiary	Subsidiary
Jiangsu SAIC Roewe Sales Co., Ltd.	Subsidiary	Subsidiary
SAIC GM Wuling Co., Ltd.	Subsidiary	Subsidiary
Nanjing Tooling Co., Ltd.	Subsidiary of SAIC	Subsidiary
SAIC Motor Activity Center Co., Ltd.	Subsidiary of SAIC	Subsidiary
Shanghai Automobile Import & Export Co., Ltd.	Subsidiary of SAIC	Subsidiary
SAIC Motor (Beijing) Co., Ltd.	Subsidiary of SAIC	Subsidiary
Anji Automotive Logistics Co., Ltd.	Subsidiary of SAIC	Subsidiary
SAIC Information Industrial Investment Co., Ltd.	Subsidiary of SAIC	Subsidiary
Shanghai Automotive Industry Sales Co., Ltd.	Subsidiary of SAIC	Subsidiary
HUAYU Automotive Systems Co., Ltd.	Subsidiary of SAIC	Subsidiary
Donghua Automobile Industrial Co., Ltd.	Subsidiary of SAIC	Subsidiary
Shanghai General Motors Co., Ltd.	Note	Note
Shanghai GM Dong Yue Motors Co., Ltd.	Note	Note
Shanghai GM Dong Yue Automotive Powertrain Co., Ltd.	Note	Note
Shanghai GM (Shenyang) Norsom Motors Co., Ltd.	Note	Note
Shanghai Sunwin Co., Ltd.	JCE	JCE
Shanghai Advanced Traction Battery Systems Co., Ltd.	JCE	JCE
Pan-Asia Technical Automotive Center	JCE	JCE
Shanghai Volkswagen Automotive Co., Ltd.	JCE	JCE
SAIC Iveco Commercial Vehicle Investment Co., Ltd.	JCE	JCE
Volkswagen Automotive Powertrain Co., Ltd.	Associate	Associate
Shanghai Jieneng Automotive Technology Co., Ltd.	Subsidiary of SAIC	Subsidiary of SAIC
SAIC General Motors Sales Co., Ltd.	Subsidiary	Subsidiary
Executive directors and other senior management of the Company	Key management personnel	Key management personnel

Note: SGM and its three subsidiaries were subsidiaries of the Company, and were changed to JCEs of the Company during the year (see Note(XI)1(1) for more details).

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**26. Related party relationships and transactions - continued****B. Related party transactions****(1) Sales and purchases****(a) Sales of goods**

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
Subsidiaries	950,143,730.66	127,979,002.03
Subsidiaries of SAIC	-	691,298,334.20
Total	950,143,730.66	819,277,336.23

(b) Sales of materials

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
Subsidiaries	175,720,564.27	36,235,076.73
Associates	144,313.12	-
Subsidiaries of SAIC	383,894.19	122,032,582.05
Associates of SAIC	-	545,768.32
Total	176,248,771.58	158,813,427.10

(c) Sales of long-term assets

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
Subsidiaries	257,327,751.76	-

(d) Purchase of goods and materials

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
Subsidiaries	9,475,663,588.47	5,177,854,993.61
JCEs	912,591,812.72	151,097,713.57
Associates	395,572,344.55	25,634,345.33
SAIC	-	2,840,000.00
Subsidiaries of SAIC	6,753,515.66	1,845,096,171.96
JCEs of SAIC	-	653,407,893.34
Associates of SAIC	15,752,301.14	298,303,807.80
Total	10,806,333,562.54	8,154,234,925.61

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**26. Related party relationships and transactions - continued****B. Related party transactions - continued****(1) Sales and purchases - continued****(e) Purchase of long-term assets**

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
Subsidiaries	110,124,112.40	10,719,298.09
JCEs	57,041,114.54	2,801,049.42
Associates	5,607,464.01	12,320.00
Subsidiaries of SAIC	-	55,304,841.95
JCEs of SAIC	-	27,783,411.70
Associates of SAIC	2,955,299.83	305,428.53
Total	175,727,990.78	96,926,349.69

(f) Acceptance of services - R&D expenditures

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
Subsidiaries	533,638,246.36	386,933,855.22
JCEs	132,752,344.35	209,911,145.27
Associates	10,770,605.30	2,958,100.10
Subsidiaries of SAIC	19,133,735.31	105,137,931.01
JCEs of SAIC	-	29,586,870.10
Associates of SAIC	-	5,035,395.43
Total	696,294,931.32	739,563,297.13

(2) Rendering of services**(a) Rendering of services**

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
Subsidiaries	44,303,764.78	63,095,535.95
JCEs	9,961,914.54	216,091,760.02
SAIC	38,424,480.67	-
Subsidiaries of SAIC	155,281,012.25	197,324,813.81
Total	247,971,172.24	476,512,109.78

(b) Rental income

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
Subsidiaries	12,423,736.19	-
JCEs	27,933,944.33	-
JCEs of SAIC	-	3,048,508.00
Associates of SAIC	-	23,601,748.00
Total	40,357,680.52	26,650,256.00

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**26. Related party relationships and transactions - continued****B. Related party transactions - continued****(2) Rendering of services - continued****(c) Guarantee income**

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
JCEs	1,403,835.61	3,810,739.71

(d) Royalties for technology

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
Subsidiaries	194,954,500.00	-

(e) Income from transfer of technology

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
Subsidiaries	103,773,584.86	-

(3) Other expenses**(a) Logistics service expenses, royalties and others**

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
Subsidiaries	237,078,786.92	12,795,081.03
JCEs	63,677,147.95	-
Associates	193,645.42	-
SAIC	-	100,965,169.66
Subsidiaries of SAIC	500,000.00	347,690,293.51
JCEs of SAIC	-	37,805,365.79
Associates of SAIC	-	19,431,766.71
Total	301,449,580.29	518,687,676.70

(b) Rental expenses

Unit: RMB

Related party	Year Ended December 31, 2012	Year Ended December 31, 2011
Subsidiaries	7,179,487.14	24,768,740.15

The prices of transactions in (1) to (3) were determined based on the contracts between both parties.

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**26. Related party relationships and transactions - continued****B. Related party transactions - continued****(4) Financing****(a) Loans to related parties****① Movement of entrusted loans to subsidiaries are as follows:**

Unit: RMB

	Subsidiaries
December 31, 2011	5,755,124,000.00
Loans offered	5,701,720,000.00
Repayment collected	(3,704,809,000.00)
December 31, 2012	7,752,035,000.00

② Balances of loans offered directly to subsidiaries are as follows:

Unit: RMB

	Subsidiaries
December 31, 2012 and December 31, 2011	61,748,820.00

③ Loan interests received from subsidiaries are as follows:

Unit: RMB

	Year Ended December 31, 2012	Year Ended December 31, 2011
Subsidiaries	18,930,640.46	11,439,633.68

Interest rates for loans issued to related parties were determined according to the contracts.

(b) Deposits in SFC**① Movement of deposits at SFC is as follows:**

Unit: RMB

	December 31, 2011	Increase	December 31, 2012
Cash and bank balances	18,504,644,445.58	8,416,516,795.74	26,921,161,241.32

② Interest received from SFC is as follows:

Unit: RMB

	Year Ended December 31, 2012	Year Ended December 31, 2011
Interest income	338,375,894.03	235,651,150.79

Interest rates for deposits at SFC were determined according to interest rates specified by the People's Bank of China.

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**26. Related party relationships and transactions - continued****B. Related party transactions - continued****(c) Financing charges paid to SFC**

In order to obtain the circulating credits from SFC for the automobile dealers of the Company and allow SFC provide financial service to dealers with the credit limits, the Company pays financing charges to SFC as follows:

Unit: RMB		
	Year Ended December 31, 2012	Year Ended December 31, 2011
SFC	83,535,812.63	63,371,740.37

Financing charges are paid to SFC based on the contracts between both parties.

C. Amounts due from / to related parties**(1) Notes receivable**

Unit: RMB		
Related party	December 31, 2012	December 31, 2011
Subsidiaries	282,034,505.00	66,105,000.00

(2) Accounts receivable

Unit: RMB		
Related party	December 31, 2012	December 31, 2011
Subsidiaries	98,836,004.85	45,153,581.53
JCEs	274,164.00	30,376,357.75
Associates	25,080.00	-
Subsidiaries of SAIC	92,967,293.55	46,250,198.07
Total	192,102,542.40	121,780,137.35

(3) Prepayments

Unit: RMB		
Related party	December 31, 2012	December 31, 2011
Subsidiaries	233,092,959.13	841,705,870.36
JCEs	72,989,949.23	-
Associates	30,523,043.34	-
Total	336,605,951.70	841,705,870.36

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**26. Related party relationships and transactions - continued**

C. Amounts due from / to related parties - continued

(4) Dividends receivable

Unit: RMB

Related party	December 31, 2012	December 31, 2011
Subsidiaries	1,143,787,147.42	7,115,098,097.88
JCEs	5,727,066,369.27	-
Associates	10,360,804.10	-
Total	6,881,214,320.79	7,115,098,097.88

(5) Other receivables

Unit: RMB

Related party	December 31, 2012	December 31, 2011
Subsidiaries	1,108,430,785.81	492,472,487.29
JCEs	3,684,210.52	4,073,771.60
Subsidiaries of SAIC	93,302.85	11,792,958.43
Total	1,112,208,299.18	508,339,217.32

(6) Accounts payable

Unit: RMB

Related party	December 31, 2012	December 31, 2011
Subsidiaries	951,007,074.47	831,155,465.11
JCEs	397,639,739.15	394,003,947.41
Associates	110,961,696.20	134,313,579.11
Subsidiaries of SAIC	3,790,735.76	4,620,037.94
Associates of SAIC	3,368,456.71	5,533,776.98
Total	1,466,767,702.29	1,369,626,806.55

(7) Receipts in advance

Unit: RMB

Related party	December 31, 2012	December 31, 2011
Subsidiaries	30,021,426.40	5,293,228.59
SAIC	94,090,319.33	103,375,000.00
Total	124,111,745.73	108,668,228.59

XII. NOTES TO THE COMPANY'S FINANCIAL STATEMENTS - continued**26. Related party relationships and transactions - continued**

C. Amounts due from / to related parties - continued

(8) Other payables

Unit: RMB

Related party	December 31, 2012	December 31, 2011
Subsidiaries	7,634,500.00	138,000.00
JCEs	363,612.00	23,000.00
Associates	17,500.00	135,000.00
SAIC	-	138,370,465.51
Subsidiaries of SAIC	6,976,300.00	60,923,523.08
Associates of SAIC	32,000.00	27,000.00
Total	15,023,912.00	199,616,988.59

XIII. APPROVAL OF THE FINANCIAL STATEMENTS

The consolidated and the Company's financial statements have been approved by the Board of Directors on March 27, 2013.

* * *THE END OF THE FINANCIAL STATEMENTS* * *

1. NON-RECURRING PROFIT OR LOSS

Unit: RMB

Item	Year Ended December 31, 2012	Year Ended December 31, 2011
Profit or loss on disposal of non-current assets	134,328,259.75	(76,240,425.58)
Government grants recognized in profit and loss	761,484,342.38	164,600,739.62
The excess of acquirer's proportionate share of fair value of identifiable net assets of acquiree over the consideration paid for the acquisition of subsidiaries, associates and JCEs	693,657.36	7,347,220.78
Profit or loss on debt restructuring	(2,029,385.04)	(12,651,684.45)
Net profit or loss of subsidiaries acquired in business combination involving enterprises under common control from the beginning of the period up to the business combination date (Note)	-	6,595,787,011.66
Elimination between the Acquired Assets and the Group's original assets in business combination involving enterprises under common control (Note)	-	4,322,453.76
Profit or loss on changes in the fair value of held-for-trading financial assets and held-for-trading financial liabilities and investment income on disposal of held-for-trading financial assets, held-for-trading financial liabilities and available-for-sale financial assets, other than those for effective hedging activities relating to normal operating business	578,121,041.39	642,506,114.61
Available-for-sale financial assets impairment loss	(652,323,606.66)	-
Other non-operating income and expenses other than the above	(60,283,341.25)	27,146,967.57
Tax effects of non-recurring profit or loss	(294,213,499.23)	(182,936,070.70)
Minority interest (after tax)(Note)	(191,094,247.04)	(3,604,366,000.03)
Total	274,683,221.66	3,565,516,327.24

Note: Net profit or loss of subsidiaries acquired in business combination involving enterprises under common control from the beginning of the period up to the business combination date and relevant minority interest arising from 2011 Restructuring as stated in Note(I) and Restructuring in year 2011 in Note(XI)1(3) of 2012 financial statements of SAIC Motor Corporation Limited.

Non-recurring profit or loss is calculated and disclosed according to the Securities Regulatory Commission Notice [2008]No.43 "Explanatory Notice No. 1 to Information Disclosure Guidance for Public Companies - Non-recurring Gains and losses(2008)" issued by China Securities Regulatory Commission.

2. Return on net assets and earnings per share

Return on net assets and earnings per share ("EPS") are prepared by SAIC Motor Corporation Limited in accordance with Information Disclosure and Presentation Rules for Companies Making Public Offering No. 9 - Calculation and Disclosure of Return on Net Assets and Earnings per Share (Revised 2010) issued by China Securities Regulatory Commission.

Profit for the reporting period	Weighted average return on net assets (%)	EPS (RMB)	
		Basic EPS	Diluted EPS
Calculated based on net profits attributable to shareholders of the Company	18.52	1.882	N/A
Calculated based on net profits attributable to shareholders of the Company after deducting non-recurring profit or loss	18.27	1.857	N/A