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GUANGZHOU AUTOMOBILE GROUP CO., LTD.

廣州汽車集團股份有限公司

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

(Stock Code: 2238)

2012 INTERIM RESULTS ANNOUNCEMENT

I. IMPORTANT NOTICE

- (I) The board of directors (the “Board”), the supervisory committee and the directors, supervisors and senior management of the Company warrant that there are no false representations or misleading statements contained in or material omissions from this report, and jointly and severally accept responsibility for the truthfulness, accuracy and completeness of the contents contained herein.

This announcement is extracted from the full text of the interim results report, which will be published on the websites of The Stock Exchange of Hong Kong Limited (the “Stock Exchange of Hong Kong”) (<http://www.hkex.com.hk>) and the Company (<http://www.gagc.com.cn>). Investors should read the full text of the interim results report for details.

- (II) If any director is unable to attend the Board meeting in relation to the approval of the interim results, the name of the director shall be listed separately.

Name of absent Director	Office of the absent Director	Reason for absence	Name of appointed person
Ding Hongxiang	Director	For work-related reasons	Lu Sa

- (III) The interim financial report of the Company is unaudited.

- (IV) Zhang Fangyou, the Chairman of the Board, Zeng Qinghong, Deputy Chairman of the Board and General Manager, Wang Dan, the financial officer and Zheng Chao, the head of the finance department, declare that they warrant the truthfulness and completeness of the financial statements contained in this interim report.

- (V) There is no non-operational appropriation of the Company's funds by its controlling shareholders and their connected parties.
- (VI) The Company did not provide third-party guarantees in violation of stipulated decision-making procedures.

II. CORPORATE PROFILE

(I) Corporate information

Legal name of the Company in Chinese	廣州汽車集團股份有限公司
Chinese abbreviation	廣汽集團
Legal name of the Company in English	Guangzhou Automobile Group Co., Ltd.
English abbreviation	GAC GROUP
Legal representative	Zhang Fangyou

(II) Contact person and contact method

Name	Lu Sa
Title	Secretary to the Board
Address	23/F, Chengyue Building, 448-458 Dong Feng Zhong Road, Yuexiu District, Guangzhou
Telephone	020-83150886
Facsimile	020-83151081
E-mail	lus@gagc.com.cn

(III) Basic information

Registered address	23/F, Chengyue Building, 448-458 Dong Feng Zhong Road, Yuexiu District, Guangzhou
Postal code of the registered address	510030
Office address	23/F, Chengyue Building, 448-458 Dong Feng Zhong Road, Yuexiu District, Guangzhou
Postal code of the office address	510030
International website of the Company	www.gagc.com.cn
E-mail	ir@gagc.com.cn

(IV) Information disclosure and place of inspection

Newspapers selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Daily and Securities Times
Website designated by the China Securities Regulatory Commission (the “CSRC”) for publishing the interim report	www.sse.com.cn
Place of inspection of the interim report of the Company	Office of the Board at 16/F, 448-458 Dong Feng Zhong Road, Yuexiu District, Guangzhou

(V) Information on the Company’s shares

Class of shares	Stock Exchange of listing shares	Stock abbreviation	Stock code	Abbreviation before Stock change
A Shares	Shanghai Stock Exchange (the “SSE”)	GAC GROUP	601238	
H Shares	Stock Exchange of Hong Kong	GAC GROUP	02238	

(VI) Other relevant information

Principal place of business in Hong Kong: Room 808, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong

Domestic auditors: BDO China Shu Lun Pan Certified Public Accountants LLP

Domestic auditors address: Room 1107, 9 Lin He Xi Road, Tianhe District, Guangzhou

Overseas auditors: PricewaterhouseCoopers

Overseas auditors address: 22/F, Prince’s Building, Central, Hong Kong

H share registrar: Tricor Investor Services Limited

H share registrar address: 26/F, Tesbury Centre, 28 Queen’s Road East, Hong Kong

III. CHANGES IN SHARE CAPITAL AND SHAREHOLDERS

(I) Statement of changes in Shares

	Before change		Increase/decrease in this change (+, -)					Unit: share After change	
	Number	Percentage (%)	Issue of new shares	Bonus issue	Conversion from reserves	Others	Sub-total	Number	Percentage (%)
I. Shares subject to trading moratorium						3,934,757,457	3,934,757,457	3,934,757,457	61.14
1. State-owned shares									
2. State-owned legal person shares						3,770,501,007	3,770,501,007	3,770,501,007	58.59
3. Other domestic shares						164,256,450	164,256,450	164,256,450	2.55
Including: Domestic non-state - owned legal person shares						164,256,450	164,256,450	164,256,450	2.55
Domestic public shares									
4. Foreign shares									
Including: Overseas legal person shares									
Overseas public shares									
II. Circulating shares not subject to trading moratorium	6,148,057,675	100.00	286,962,422			-3,934,757,457	-3,647,795,035	2,500,262,640	38.86
1. Renminbi ordinary shares			286,962,422				286,962,422	286,962,422	4.46
2. Foreign shares listed domestically									
3. Foreign shares listed overseas	2,213,300,218	36.00						2,213,300,218	34.40
4. Others	3,934,757,457	64.00				-3,934,757,457	-3,934,757,457		
III. Total shares	6,148,057,675	100.00	286,962,422					6,435,020,097	100.00

About the approval of changes in shareholding

As at 30 January 2012, CSRC approved the Company to issue 286,962,422 Renminbi ordinary shares by “Approval of the merger of GAC Changfeng Motor Co., Ltd. by Guangzhou Automobile Group Co., Ltd. by way of initial public offering of shares” (CSRC Approval [2012] No.137). As at 23 March 2012, the SSE approved the listing of Renminbi ordinary shares of the Company on the SSE by “Notification of A share listing of Guangzhou Automobile Group Co., Ltd.” (SSE Fazi [2012] No.6). The share capital of A share is 4,221,719,879 shares, and 286,962,422 shares of which began to be traded on SSE on 29 March 2012.

Currently, the total share capital of the Company has changed from 6,148,057,675 shares to 6,435,020,097 shares, of which, 4,221,719,879 shares are A shares, 3,934,757,457 shares are held by the promoters, subject to trading moratorium; an aggregate of 2,213,300,218 shares are H shares.

(II) Information on Shareholders and Ultimate Controller

1. Number of shareholders and their shareholding

Total number of shareholders

as at the end of the reporting period:

A shares: 27,786, H shares: 308

Unit: share

Name of shareholder	Particulars of top ten shareholders				Increase/ decrease during the reporting period	Number of shareholdings subject to trading moratorium	Number of shares pledged or frozen
	Nature of shareholder	Percentage in share capital (%)	Total number of shares held				
Guangzhou Automobile Industry Group Co., Ltd. (“GAIG”) (廣州汽車工業集團有限公司) (Note 1)	State-owned legal person	57.18	3,679,503,529		62,100,000	3,617,403,529	
HKSCC NOMINEES LIMITED (Note 2)	Others	34.32	2,208,486,993				
Wanxiang Group Corporation (萬向集團公司)	Domestic non-state-owned legal person	2.44	156,996,823			156,996,823	
China National Machinery Industry Corporation Limited (中國機械工業集團有限公司)	State-owned legal person	2.26	145,227,963			145,227,963	
Agricultural Bank of China-Huaxia Fuxing Securities Investment Fund (中國農業銀行－華夏復興股票型證券投資基金)	Others	0.33	21,226,890				
National Social Security Fund 102 (全國社保基金一零二組合)	Others	0.12	8,000,000				
Guangzhou Iron & Steel Enterprises Group (廣州鋼鐵企業集團有限公司)	State-owned legal person	0.12	7,869,515			7,869,515	Pledged: 7,869,515
Guangzhou Chime-Long Group Co., Ltd (廣州長隆集團有限公司)	Domestic non-state-owned legal person	0.11	7,259,627			7,259,627	
China Construction Bank – Fu Guo Tian Bo Innovative Theme Equity Securities Investment Fund(中國建設銀行－富國天博創新主題股票型證券投資基金)	Others	0.08	5,034,238				
Ding Bixia(丁碧霞)	Others	0.05	3,077,640				

Particulars of top ten holders of shares not subject to trading moratorium

Name of shareholder	Number of tradable shares not subject to trading moratorium	Class of shares
HKSCC NOMINEES LIMITED (Note 2)	2,208,486,993	Foreign shares listed overseas
GAIG	62,100,000	Renminbi ordinary shares
Agricultural Bank of China-Huaxia Fuxing Securities Investment Fund (中國農業銀行－華夏復興股票型證券投資基金)	21,226,890	Renminbi ordinary shares
National Social Security Fund 102(全國社保基金一零二組合)	8,000,000	Renminbi ordinary shares
China Construction Bank – Fu Guo Tian Bo Innovative Theme Equity Securities Investment Fund (中國建設銀行－富國天博創新主題股票型證券投資基金)	5,034,238	Renminbi ordinary shares
Ding Bixia (丁碧霞)	3,077,640	Renminbi ordinary shares
Agricultural Bank of China-Fu Guo Tian Yuan Balanced Mixed SecuritiesInvestment Fund (中國農業銀行－富國天源平衡混合型證券投資基金)	2,925,002	Renminbi ordinary shares
Zhao Guangshun(趙廣順)	2,748,723	Renminbi ordinary shares
China Merchants Bank Co., Ltd. - Fu Guo Low Carbon Environmental Friendly Securities Investment Fund (招商銀行股份有限公司－富國低碳環保股票型證券投資基金)	1,781,829	Renminbi ordinary shares
The Industrial and Commercial Bank of China – Tongyi SecuritiesInvestment Fund (中國工商銀行－同益證券投資基金)	1,599,999	Renminbi ordinary shares

Explanation of the connected relationship or action in concert among the aforesaid shareholders:

H shares held by HKSCC Nominees Limited were held on behalf of a number of clients.

Notes:

- GAIG holds 17,572,000 H shares of the Company through its wholly owned subsidiary, Guangzhou Automobile Group (Hong Kong) Co., Ltd. Thus, the total number of A and H shares held by GAIG is 3,697,075,529 shares, representing 57.45% of the total share capital of the Company.
- H shares held by HKSCC Nominees Limited were held on behalf of a number of clients.

Number of shares held by the top ten shareholders subject to trading moratorium and particulars of such trading moratorium					
			Particulars of tradable shares subject to trading moratorium		
No.	Name of shareholder subject to trading moratorium	Number of shares held subject to trading moratorium	Time for listing and trading	Number of additional shares available for listing and trading	Trading moratorium
1	GAIG	3,617,403,529	30 March 2015		Lock-up undertaking by promoter upon initial listing
2	Wanxiang Group Corporation (萬向集團公司)	156,996,823	30 March 2013		Lock-up undertaking by promoter upon initial listing
3	China National Machinery Industry Corporation Limited (中國機械工業集團有限公司)	145,227,963	30 March 2013		Lock-up undertaking by promoter upon initial listing
4	Guangzhou Iron & Steel Enterprises Group (廣州鋼鐵企業集團有限公司)	7,869,515	30 March 2013		Lock-up undertaking by promoter upon initial listing
5	Guangzhou Chime – Long Group Co., Ltd (廣州長隆集團有限公司)	7,259,627	30 March 2013		Lock-up undertaking by promoter upon initial listing

2. *Changes in status of controlling shareholder and ultimate controller*

There was no change in the controlling shareholder and the ultimate controller of the Company during the reporting period.

3. *Interests of directors, supervisors and chief executive in shares*

As at the end of reporting period, the interests and short positions of each director, supervisor and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (“SFO”)) as recorded in the register required to be kept under Section 352 of the SFO or which were notified to the Company or as otherwise notified to the Company and the Stock Exchange of Hong Kong pursuant to the Model Code for Securities Transactions by Directors of Listed Companies were as follows:

(a) Interests in shares

Name (Position)	Personal interests (Beneficially owned)	Family interests (Interests of spouse and children under the age of 18)	Corporate interests (Interests owned by controlled corporation)	Other interests	Total interests	Percentage of total issued share capital
Gao Fusheng (Supervisor)	87	–	–	–	87	0.00

(b) H Share Appreciation Rights

According to the H share appreciation rights scheme (details of which were set out in the circular of the Company dated 14 January 2012). As at 30 June 2012, the following directors were granted with the number of H share appreciation rights set out below:

Name	Date of grant	Number of units of Share Appreciation Rights granted during the reporting period	Percentage of issued share capital of the category (%)	Percentage of the total share capital (%)
Zhang Fangyou	29 February 2012	740,000	0.03	0.01
Zeng Qinghong	29 February 2012	580,000	0.02	0.00
Yuan Zhongrong	29 February 2012	550,000	0.02	0.00
Fu Shoujie	29 February 2012	550,000	0.02	0.00
Liu Huilian	29 February 2012	550,000	0.02	0.00
Lu Sa	29 February 2012	550,000	0.02	0.00
Wei Xiaoqin	29 February 2012	550,000	0.02	0.00
Li Tun	29 February 2012	550,000	0.02	0.00

Information on the exercise of the H Share Appreciation Rights is set out in “(VIII) Implementation of the share option incentive scheme and its effects” in the section “VII. Significant events” of this report.

Save as disclosed above, as at 30 June 2012, none of the directors, supervisors or chief executives had any interests or short position in any shares, underlying shares and debentures of the Company and its associated corporations. As at 30 June 2012, the Company had not granted any rights to subscribe for shares or debentures of the Company or any of its associated corporations to any director, supervisor or chief executive of the Company or their respective spouses or children under 18 years of age.

4. *Share interests of substantial shareholders and other persons*

As at the end of the reporting period, the interests and short positions of the persons (other than directors and supervisors of the Company) interested in 5% or more of the respective classes of issued share capital, as recorded in the register required to be kept pursuant to Section 336 of the SFO are set out below:

Name	Class of shares	Capacity	Number of shares (Note 1)	Percentage in the class of issued share capital (%)	Percentage of the total share capital (%)
GAIG (Note 2)	A shares	Beneficial owner	3,679,503,529	87.16	57.18
Templeton Asset Management Ltd.	H shares	Investment manager	538,979,662(L)	24.35	8.38
Platinum Investment Management Limited	H shares	Investment manager custodian	154,700,342(L)	6.99	2.40
BlackRock, Inc.	H shares	Interest of controlled corporation	132,392,506(L)	5.98	2.05
			4,753,565(S)	0.21	0.07

Note: 1. (L)-Long Position, (S)-Short Position, (P)-Lending Pool

- GAIG holds 17,572,000 H shares of the Company through its wholly-owned subsidiary, Guangzhou Automobile Group (Hong Kong) Co., Ltd., which represents approximately 0.79% of the total number of H shares issued by the Company and 0.27% of the total number of shares issued by the Company. Therefore, GAIG in aggregate holds 3,697,075,529 shares of A shares and H shares of the Company, representing approximately 57.45% of the total number of shares issued by the Company.

IV. DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

(I) Changes of shareholding held by directors, supervisors and senior management

During the reporting period, there was no change of shareholding held by directors, supervisors and senior management of the Company.

(II) Securities transactions by directors and supervisors

The Company adopted a code of conduct regarding the directors' securities transactions on terms no less exacting than the required standard set out in Appendix 10 – Model Code for Securities Transactions by Directors of Listed Companies (“Model Code”) under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Hong Kong Listing Rules”). Specific enquiry has been made to all the directors and the directors have confirmed that they have complied with the Model Code during the reporting period.

(III) Appointment or dismissal of directors, supervisors and senior management

During the reporting period, former director, Mr. Wang Songlin tendered resignation for retirement, and the Company published an announcement in relation to the resignation of director on 5 April 2012. On 21 June 2012, new session of the Board and new session of the Supervisory Committee were elected at the 2011 annual general meeting of the Company, at which the 3rd session of Board and the 3rd session of Supervisory Committee were elected for a term of three years. Among directors of the 3rd session of Board, except for Mr. Ding Hongxiang who is a new director appointed, the others are members of the 2nd session of Board; all members of the 3rd session of Supervisory Committee are the previous members of the 2nd session of Supervisory Committee.

1. Directors of the 3rd session of Board of the Company are as follows:

Chairman: Mr. Zhang Fangyou;

Vice Chairman: Mr. Zeng Qinghong;

Directors: Mr. Yuan Zhongrong, Mr. Fu Shoujie, Mr. Liu Huilian, Ms. Lu Sa, Mr. Wei Xiaoqin, Mr. Li Tun, Mr. Li Pingyi, Mr. Ding Hongxiang, Mr. Wu Gaogui, Mr. Ma Guohua, Mr. Xiang Bing, Mr. Law Albert Yu Kwan and Mr. Li Zhengxi; of whom, Mr. Wu Gaogui, Mr. Ma Guohua, Mr. Xiang Bing, Mr. Law Albert Yu Kwan and Mr. Li Zhengxi are the independent non-executive directors.

2. Supervisors of the 3rd session of the Supervisory Committee are as follows:

Chairman of the Supervisory Committee: Ms. Gao Fusheng;

Supervisors: Mr. Huang Zhiyong, Ms. He Yuan, Mr. Ye Ruiqi (supervisor representing the staff and workers) and Mr. He Jinpei (supervisor representing the staff and workers).

3. As resolved by the first meeting of the 3rd session of Board, all the previous senior management of the Company were re-elected, and the list of the current senior management is as follows:

General Managers: Mr. Zeng Qinghong;

Secretary to the Board: Ms. Lu Sa;

Deputy General Managers: Mr. Yuan Zhongrong, Mr. Li Shao, Mr. Huang Xiangdong, Mr. Wu Song, Mr. Jiang Ping, Mr. Yao Yiming, Mr. Feng Xingya, Mr. Liu Wei, Mr. Ou Yongjian and Mr. Chen Maoshan;

The person in charge of accounting function: Ms. Wang Dan

V. REPORT OF THE BOARD

Discussion and analysis of the overall operations during the reporting period

1. Business Overview

Our main business consists of research and development, manufacturing and sales of passenger vehicles, commercial vehicles, motorcycles, engines and other auto parts, as well as car sales, car leasing, after-sale services, import and export of automobile-related products, logistics services, automobile finance and insurance services.

We manufacture a variety of passenger vehicles mainly through jointly-controlled entities (JCEs), namely Guangqi Honda Automobile Co., Ltd. (“Guangqi Honda”) and GAC Toyota Motor Co. Ltd (“GAC Toyota”), a wholly-owned subsidiary, Guangzhou Automobile Group Motor Co. Ltd. and subsidiaries, GAC Changfeng Motor Co., Ltd (“GAC Changfeng”) and GAC Gonow Automobile Co., Ltd (“GAC Gonow”). We produce various series of sedans, cross passenger vehicles, SUV and MPV, and our major passenger vehicles products include Guangqi Honda Crosstour, Guangqi Honda Accord, Guangqi Honda Odyssey, Guangqi Honda Everus, GAC Toyota Camry, GAC Toyota Highlander, GAC Trumpchi, GAC Trumpchi GS5, GAC Changfeng Liebao and Pajero and GAC Gonow Aoxuan.

Our commercial vehicles are mainly manufactured by our JCE, GAC Hino Motors Co., Ltd. and subsidiaries, Guangzhou Automobile Group Autobus Co., Ltd and GAC Gonow. Main products include light heavy trucks, towing vehicles, buses and pickups.

The Group manufactures motorcycles mainly through our JCE Wuyang-Honda Motors (Guangzhou) Co., Ltd.. Main products include standard motorcycles, sport bikes and scooters.

In addition, we produce engines and other autoparts through our subsidiary, Guangzhou Automobile Group Component Co., Ltd. and its invested enterprises and our associated company GAC Toyota Engine Co., Ltd., and we provide car sales, after-sale services, logistics and import and export business, car leasing, automobile finance and insurance services through Guangzhou Automobile Group Business Co., Ltd., GAC-SOFINCO Automobile Finance Co., Ltd. and Urtrust Insurance Co., Ltd..

In the first half of the year, due to the impact of slow-down in the growth of domestic macro-economy and car license plate restriction in certain cities, the sales of the PRC vehicles market recorded a significant slow-down in growth compared to the corresponding period last year. In the first half of the year, the production and sales of vehicles in the PRC were 9,529,200 units and 9,598,100 units, representing an increase of 4.08% and 2.93%, respectively compared to the corresponding period last year, among which, the production and sales of passenger vehicles amounted to 7,599,300 units and 7,613,500 units, representing an increase of 7.87% and 7.08% compared to the corresponding period last year; the production and sales of commercial vehicles amounted to 1,929,900 units and 1,984,600 units, representing a decrease of 8.59% and 10.40% compared to the corresponding period last year. In addition, in the first half of the year, the cumulative sales of motorcycles in the PRC were 11,740,000 units, representing a decrease of 10.8% compared to the corresponding period last year

In the first half of the year, faced with the adverse effects of the macroeconomic slowdown and the slide in the growth of the automotive industry, through developing market, adjusting inventory, reducing cost and stepping up effort on marketing, the Group realized sales volume of 369,700 units (including JCEs and associated companies, the same below), representing an increase of 17.25% compared to the corresponding period last year, among which the sales of passenger vehicles amounted to 351,800 units, representing an increase of 15.32% compared to the corresponding period last year; sales of commercial vehicles amounted to 17,800 units, representing an increase of 75.43% compared to the corresponding period last year. In addition, the sales of motorcycles amounted to 472,100 units, representing an increase of 13.80% compared to the corresponding period last year; during the reporting period, the year-on-year growth in the sales of both vehicles and motorcycles of the Company is greatly higher than the industry average level.

Currently, the Company has a total market share of approximately 3.85% in the automotive market in terms of sales volume, among which, we have a market share of approximately 17.54%, 8.44% and 6.31% in mid-to-high-end sedan market, MPV market and SUV market respectively.

2. Progress of key works

In the first half of the year, the Group made significant achievements or progress in the listing of A shares, research and development and introduction of new products, construction of production capacity, expansion of business chain and the innovation in management mechanism.

(1) Listing of A shares

As at 30 January 2012, CSRC approved the merger of GAC Changfeng by the Company by way of initial public offering of 286,962,422 A shares pursuant to CSRC Approval [2012] No.137. On 23 March 2012, SSE issued the “Notification of the listing and trading of Renminbi ordinary shares of Guangzhou Automobile Group Co., Ltd.” (SSE Fazi [2012] No.6) and approved the A share capital of the Company to be 4,221,719,879 shares, and of which 286,962,422 shares began to be traded on 29 March 2012; using stock abbreviation “GAC GROUP” with stock code “601238”. Currently, the internal assets reorganization relating to such listing of A shares is in progress.

(2) Research and development and intellectual property

In the first half of the year, the independent innovation and proprietary brand of the Group realized new breakthroughs. Trumpchi GS5, the production of the first SUV model of the proprietary brand was completed and its sale commenced in April; it completed the C-NCAP test and assessment in May and obtained five-star assessment of scores of 49.1.

54 patent applications were made by the Group (including its investee companies) in the first half of the year, and 49 patents were granted.

(3) Introduction and development of new products

In the first half of the year, Guangqi Honda, a major investee company of the Group, launched 2.4L Crosstour, which received good market response; GAC Toyota CAMRY pushed forward the application and promotion of hybrid vehicle technology while realizing the upgrade of CAMRY, and CAMRY HEV, a model of petrol and electric hybrid powered vehicles, has also been officially launched onto the market. Besides, Viaggio, the first model of vehicle of GAC Fiat Automobiles Co., Ltd (“GAC Fiat”) (廣汽菲亞特汽車有限公司), a joint venture by our Company and Fiat Group Automobiles S.p.A. was put into operation officially during the first half of the year.

(4) Construction of production capacity completed as scheduled

On 28 June 2012, the construction of the plant of GAC Fiat was successfully completed. The completion of the new plant and the commencement of the production of new product will further enrich the Company’s product line.

(5) Steady advancement in innovation and reform

In order to ensure its sustainable development, the Group defined that the key work of this year is to spur development by innovation and reform, further innovate management system and mechanism and increase operating efficiency, and safeguard development of the Company with system and mechanism.

3. *Outlook for the second half year*

In the second half of the year, despite the risks and complexity in the recovery of the macro-economy, positive factors are also increasing. For example, the government continues to launch series of measures to stabilize the economy. It is expected that the PRC economy will take on a positive momentum. As for the vehicles industry in the PRC, although it is affected by the effects of inertia of the sluggish vehicles market, which resulted in the slight increase in production and sales, driven by the process of urbanization, in particular the development of the second, third and fourth-tiered cities, the vehicles market will maintain its growth trend with the focus of development gradually shifting to the third and fourth-tiered cities.

In the second half of the year, the Company will further heighten its senses of crisis and urgency, fully explore the market opportunities, adjust and optimize product and structure, innovate its ways of marketing and promptly respond to the market in a more flexible way. Meanwhile, we will further deepen joint-venture cooperation, strengthen proprietary innovation, boost the support between the upstream and downstream of industry chain, and focus on enhancing the core competitiveness of the enterprise to create better results for shareholders.

VI. MANAGEMENT DISCUSSION AND ANALYSIS

(I) Results and status of operations

1. An overview of the overall operations of the Group during the reporting period

As the Company has become a listed company that issues both A shares and H shares, to be consistent with the accounting policy used in consolidated financial statements prepared under PRC accounting standards, the Group has changed the accounting policy for the investments in JCEs from proportionate consolidation method to equity method in 2011.

During the reporting period, the Group and its JCEs and associated companies sold approximately 369,700 units of vehicles and 472,100 units of motorcycles. The year-on-year growth rate of the sale of vehicles was 17.25%. Total number of passenger vehicles sold amounted to approximately 351,800 units, representing an increase of 15.32% over the corresponding period last year; and total number of commercial vehicles sold amounted to approximately 17,800 units, representing an increase of 75.43% over the corresponding period last year. During the reporting period, the Group and its JCEs and associated companies realized total revenue of approximately RMB78,816 million, representing an increase of approximately RMB9,987 million, or approximately 14.51%, when compared with the corresponding period last year.

During the reporting period, the sales revenue of the Group amounted to approximately RMB5,482 million, representing an increase of approximately 5.67%, when compared with the corresponding period last year. The net profit attributable to equity holders of the Company amounted to approximately RMB1,482 million, representing a decrease of approximately 13.64%, when compared with the corresponding period last year. Earnings per share were approximately RMB0.24, representing a decrease of approximately 14.28% when compared with the corresponding period last year which was approximately RMB0.28.

2. Sales revenue and conditions

Sales revenue by industry:

Unit: million Currency: RMB

By industry	Sales revenue	Cost of sales	Gross profit margin (%)	Increase/ decrease in sales revenue as compared to the corresponding period last year (%)	Increase/ decrease in cost of sales as compared to the corresponding period last year (%)	Increase/ decrease in gross profit margin as compared to the corresponding period last year (%)
Automobile manufacturing	5,393	5,161	4.30	8.01	9.40	(1.23)
Others	89	66	25.84	(54.12)	(57.53)	5.81
Total	5,482	5,227	4.65	5.67	7.26	(1.42)

Sales revenue by geographical region:

Unit: million Currency: RMB

Region	Sales revenue	Increase/decrease in sales revenue as compared to last year (%)
Mainland China	5,481	8.06
Hong Kong	1	(99.53)
Total	5,482	5.67

Analysis:

During the reporting period, sales revenue of the Group amounted to approximately RMB5,482 million, representing an increase of approximately 5.67% when compared with the corresponding period last year. It is mainly due to the following reasons: the launch of GS5, a new vehicle model of SUV, in April 2012 by the Group, which was well received; and the enterprises newly consolidated in the accounts of the Group in April last year; brought cumulative sales of 28,525 units to the Group during the reporting period, representing an increase of 38.85% as compared to the corresponding period last year.

During the reporting period, the cost of sales amounted to approximately 5.227 billion which increased by approximately 7.26% as compared to the corresponding period last year, which was mainly due to the increase in sales from an enterprise newly consolidated in the accounts of the Group in April last year and increased costs caused by the increase in sales of passenger vehicles of the Group.

During the reporting period, the gross profit margin decreased by 1.42 percentage points to approximately 4.65% for the reporting period from approximately 6.07% in the corresponding period last year, which was mainly due to the macro environment and policy factors. In 2012, the automobile sales remained depressed, with lowering of the selling prices by most vehicle brands, which resulted in a slight drop in the profit margin of automobile sales.

3. *Analysis of the condensed statement of comprehensive income during the reporting period:*

Unit: million Currency: RMB

Item	January to June of 2012	January to June of 2011	Increase/ decrease during the reporting period as compared to the corresponding period last year (%)
Selling and distribution costs	308	219	40.64
Administrative expenses	615	524	17.37
Interest income	104	144	(27.78)
Other gains/(losses) – net	31	(5)	720.00
Finance costs	232	199	16.58
Share of profit of jointly-controlled entities	1,720	1,810	(4.97)
Share of profit of associates	427	296	44.26
Income tax credit	66	49	34.69
Profit attributable to owners of the Company	1,482	1,716	(13.64)

Analysis:

- 1) Selling and distribution costs increased by approximately RMB89 million as compared to the corresponding period last year, which was mainly due to the corresponding increase in advertising and marketing expenses and after-sale services expenses which

was brought about by the increase in sales and the launch of new vehicle models, together with the increase in costs as a result of the two enterprises newly consolidated in the accounts of the Group since April and June last year.

- 2) Administrative expenses increased by approximately RMB91 million as compared to the corresponding period last year, which was mainly due to: a. the increase in administrative expenses as a result of the two enterprises newly consolidated in the accounts of the Group since April and June last year; b. the increase in research expenses for technology of new vehicle models; c. the increase in depreciation and amortization with the newly increased intangible assets.
- 3) Interest income decreased by approximately RMB40 million as compared to the corresponding period last year, which was mainly due to the decrease in bank deposits of the Group during the reporting period.
- 4) Other net gains increased by approximately RMB36 million as compared to the corresponding period last year, which was mainly due to: a. gains generated from the Group's investment in wealth management products by insurance company in the Group; b. decrease in donations.
- 5) Finance costs increased by approximately RMB33 million as compared to the corresponding period last year, which was mainly due to the increase in our average borrowing balances and the increase in interest rate of borrowing during the reporting period.
- 6) Share of profit of JCEs decreased by approximately RMB90 million as compared to the corresponding period last year. The change in certain JCEs' sales structure of vehicle models and increasing effort of marketing have substantially reduced the profits and completely offset the benefit of growth in the sales volume. Overall the share of profits of JCEs dropped.

The Group's share of revenue in JCEs is as follows:

JCEs	<i>Unit: million Currency:RMB</i>	
	Sales revenue	
	January to June of 2012	January to June of 2011
Automobile manufacturing	25,409	22,094
Others	1,503	1,253
Total	26,912	23,347

- A. During the reporting period, the Group's share of JCEs' revenue of approximately RMB26,912 million, representing an increase of approximately RMB3,565 million or approximately 15.27%. Of which, the revenue realized by the automobile

manufacturing increased by approximately RMB3,315 million to approximately RMB25,409 million during the reporting period from approximately RMB22,094 million in the corresponding period last year, representing an increase of approximately 15.00%.

- B. Cost of sales and gross profit. During the reporting period, the Group's share of JCEs' realized total cost of sales approximated RMB22,050 million, representing an increase of approximately RMB3,062 million or 16.13% as compared to approximately RMB18,988 million in the corresponding period last year; during the period, total gross profit of the Group's JCEs was approximately RMB4,862 million, representing an increase of approximately RMB503 million or 11.54% as compared to approximately RMB4,359 million in the corresponding period last year.
- 7) Share of profit of associates increased by approximately RMB131 million as compared to the corresponding period last year, mainly due to (1) during the corresponding period last year, a major associate company was in the process of upgrading its production lines, leading to a significant decline in its capacity utilization. In the reporting period, the production capacity was fully recovered along with the completion of the upgrading. Accordingly, the profits of this associated company has gone up; (2) increase in the sales of automakers which resulted in higher profit of associates supplying auto parts to them.
- 8) Income tax credit increased by approximately RMB17 million as compared to the corresponding period last year, the main reason being that certain enterprises remain at the stage of early operation and have not yet made profit, which resulted in an increase in deferred income tax assets relating to deductible tax losses.
- 9) Earnings per share were approximately RMB0.24, representing a decrease of approximately 14.28% compared with approximately RMB0.28 for the corresponding period last year. It is mainly due to profit of the Group attributable to owners of the Company amounted to approximately RMB 1,482 million during the reporting period, representing a decrease of approximately 13.64% as compared to the corresponding period last year for the reasons mentioned above. The issuance of A shares upon listing by the Group during the reporting period also resulted in an increase in share capital.

(II) Analysis of financial conditions

1. Analysis of the condensed balance sheet during the reporting period

Unit: million Currency: RMB

Items	30 June 2012	31 December 2012	Growth rate (%)
Current assets	22,758	21,659	5.07
Non-current assets	25,772	22,953	12.28
Total assets	48,530	44,612	8.78
Current liabilities	7,440	6,206	19.88
Non-current liabilities	8,215	8,220	(0.06)
Total liabilities	15,655	14,426	8.52
Owners' equity	32,875	30,186	8.91
Among which: Equity attributable to owners of the Company	31,937	29,210	9.34

Analysis:

As of 30 June 2012, the total assets of the Group amounted to approximately RMB48.53 billion, representing an increase of approximately RMB3.918 billion as compared with 31 December 2011. This is mainly due to the newly added investment in the JCEs and the increase in investment caused by the profit realized by the JCEs and associates during the reporting period.

As of 30 June 2012, the equity attributable to owners of the Company amounted to approximately RMB31.937 billion, representing an increase of approximately RMB2.727 billion as compared with 31 December 2011. This is mainly due to: (1) The increase of RMB287 million in share capital arising from the issue of A shares by the Group in March 2012, the capital reserve was increased by approximately RMB2.247 billion; (2) the increase of approximately RMB1.482 billion in the equity attributable to owners of the Company while the profit distributed by the Group amounted to approximately RMB1.287 billion during the reporting period.

2. *Analysis of the condensed cash flow statement during the reporting period:*

	Six months ended 30 June 2012 <i>RMB million</i>	Six months ended 30 June 2011 <i>RMB million</i>
Net cash inflows/(outflows) generated from operating activities	(515)	(430)
Net cash inflows/(outflows) generated from investing activities	1,251	1,613
Net cash inflows/(outflows) generated from financing activities	(197)	484
Net increase/(decrease) in cash and cash equivalents	539	1,667
Cash and cash equivalents at the end of the reporting period	8,784	11,026

- 1) Net cash outflows generated from operating activities during the reporting period was approximately RMB515 million, representing an increase of approximately RMB85 million when compared with net cash outflow of approximately RMB430 million in the corresponding period last year, mainly due to the increase in cash used in operations as compared with the corresponding period of last year.
- 2) During the reporting period, net cash inflows generated from investing activities amounted to approximately RMB1,251 million, representing a decrease of approximately RMB362 million when compared with net cash inflows of approximately RMB1,613 million in the corresponding period last year, mainly due to: (1) cash outflows caused by the acquisition of shares of GAC Changfeng and the establishment of new associated companies etc.; (2) the increase in cash inflows caused by the decrease in time deposits.
- 3) During the reporting period, net cash outflows generated from financing activities amounted to approximately RMB197 million, representing a decrease of approximately RMB681 million when compared with net cash inflows of approximately RMB484 million for last year, mainly due to the increase in repayment of bank borrowings by the Group during the reporting period as compared with the corresponding period last year.

As at 30 June 2012, the cash and cash equivalents of the Group amounted to approximately RMB8,784 million, representing an increase of approximately RMB545 million when compared with approximately RMB 8,239 million as at 31 December 2011.

3. *Financial Indicators*

As at 30 June 2012, the Group's current ratio was approximately 3.06 times, representing a decrease from that of approximately 3.49 times as at 31 December 2011, and the Group's quick ratio was approximately 2.80 times, representing a decrease as compared with 3.19 times as at 31 December 2011.

4. *Financial resources and capital structure*

As at 30 June 2012, the Group's current assets and current liabilities amounted to approximately RMB22,758 million and RMB7,440 million respectively, with current ratio of approximately 3.06 times. As at 30 June 2012, the total borrowings amounted to approximately RMB9,677 million, mainly including medium-term notes issued by the Group with par value of RMB6,700 million, corporate bonds with par value of RMB600 million and borrowings from bank and financial institutions of approximately RMB2,415 million, and the gearing ratio was approximately 22.74%. The above borrowings and bonds will be paid when fall due. The Group generally met its capital requirements for operation through cash flow generated from its operations. {Calculation method of gearing ratio: (non-current borrowings + current borrowings)/(total equity + non-current borrowings + current borrowings)}

5. *Foreign exchange risk*

The Group's business operations are mainly conducted in the PRC with all of the domestic sales and purchasing settled in RMB. During the reporting period, changes in foreign exchange rates had no material impact on the operating results and cash flow of the Group.

6. *Contingent liability*

As at 30 June 2012, the Group had a guarantee obligation to the third party of RMB9,066,666.68 as compared with nil as at 31 December 2011. As at 30 June 2012, the financial guarantee provided by the Company to subsidiary amounted to RMB12,000,000 as compared with nil as at 31 December 2011.

Explanation: The Company is a listed company which issues both A shares and H shares, the financial statement is prepared in accordance with the PRC accounting standard and HK FRS. Except for the differences in standards and the presentation in the two financial statements, there are no other significant differences.

(III) Investment

1. Use of proceeds

During the reporting period, the Company had not raised any capital nor used any capital raised in previous period.

2. Projects not financed by funds raised

The Company had no project which was not financed by funds raised in this reporting period.

(IV) Formulation and implementation of cash dividend policy during the reporting period

During the reporting period, profit distribution for the year of 2011 was approved. The Company paid a cash bonus of RMB2.00 per ten Shares (tax inclusive) on the basis of the total share capital of 6,435,020,097 shares, amounting to RMB1,287,004,019.40 (holders of A shares will be paid in RMB and holders of H shares will be paid in Hong Kong dollar, and there may be differences due to currency translation reasons). So far, profit distribution of the Company for the year of 2011 has been completed.

VII. SIGNIFICANT EVENTS

(I) Corporate governance

The Company strictly complied with the “Company Law”, the “Securities Law”, “Corporate Governance Guidelines of Listed Companies”, “Listing Rules of the Shanghai Stock Exchange”, and has also been in compliance with the relevant requirements of corporate governance of Appendix 14 – Code on Corporate Governance under the Hong Kong Listing Rules (“Code on Corporate Governance”) since the listing of the Company on 30 August 2010. The Company has established relatively sound governance structure, has standardized operations, performed the relevant information disclosure obligations in a timely and sufficient manner and continuously and effectively carried out the investors relation work.

During the reporting period, a total of 3 general meetings, 11 Board meetings, 5 meetings of the Supervisory Committee were held, and the procedures of the convening, holding and considering and voting for meetings have been in strict compliance with the Articles of Association and rules of proceedings.

During the operation decision-making process, the external directors (including independent directors) fully played their roles. During the reporting period, a total of one Strategy Committee meeting, one Nomination Committee meeting and 4 Audit Committee meetings were held. External directors (including independent directors) provided effective decision-making support for the investments in significant projects and personnel nomination, and provided active and effective recommendations and advices for the preparation of periodic reports in compliance with applicable regulations and the continuous improvement of internal control mechanism of the Company.

During the reporting period, new session of the Board and the Supervisory Committee were elected. Except for former director, Mr. Wang Songlin, who resigned due to retirement and whose directorship was taken up by Mr. Ding Hongxiang, other members of the Board and the Supervisory Committee were re-elected as members of the new session of Board and Supervisory Committee; Except for Mr. Ding Hongxiang, who took up the post of Mr. Wang Songlin and was appointed as member of the Nomination Committee of the Board, members of the previous professional committees of the Board remain unchanged.

During the reporting period, due to the listing of A shares issued, new Articles of Association and new rules of proceedings for the “General Meeting, Board Meeting and Supervisory Committee Meeting” (“Three Meetings”) became effective upon the listing of A shares; during the reporting period, the Company also further amended the implementation rules of the four committees including Strategy Committee, Audit Committee, Remuneration and Evaluation Committee and Nomination Committee under the Board, amendment was made for the internal management systems, including Management Measures on Board Budget and Detailed Rules on the Work of Secretary to the Board and a new Management System of Insider Information of the Company was formulated in accordance with the relevant requirements relating to insider information management, which further improved the basic management system of the Company and laid a solid foundation for the continuous enhancement in operation efficiency and management standard through corporate governance.

In addition, the Company also formulated the preliminary Proposal on the Implementation of Internal Control Principles of GAC Group Co., Ltd. with reference to Basic Principles for Internal Control of Enterprises (Cai Hui [2008] No.7) and Guidelines for Enterprise Internal Control issued by the five ministries, including the Ministry of Finance and CSRC, established the leadership group for internal control, working group for internal control, and defined the work plan for internal control construction, plan for internal control self-assessment and plan for the audit of internal control, etc.

During the reporting period, according to the actual conditions, the Company organized the study and training activities for internal control of enterprises by two batches, and a special inspection was made for the internal control of major invested enterprises.

Pursuant to the requirements of the Code on Corporate Governance, the Company established the Audit Committee for the purpose of reviewing and supervising the Group's financial reporting process. The Audit Committee is composed of three independent non-executive directors. Members of the Audit Committee of the Company are: Law Albert Yu Kwan (the Chairman), Ma Guohua (the member) and Xiang Bing (the member). The Audit Committee has reviewed the unaudited interim results of the Company for the six months ended 30 June 2012 and agreed to submit it to the Board for approval.

During the reporting period, the Company has been in full compliance with the provisions of Code on Corporate Governance Practices which were effective until 31 March 2012 and the Corporate Governance Code which came into effect since 1 April 2012.

(II) Implementation of profit distribution plan during the reporting period

Profit distribution plan for the year of 2011 was considered and approved at 2011 annual general meeting. A cash dividend of RMB2.00 per ten Shares (tax inclusive) are paid on the basis of the total share capital of 6,435,020,097 shares, amounting to RMB1,287,004,019.40 (the holders of H shares will be paid in Hong Kong dollar, and there may be differences due to currency translation reasons). The distribution of such bonus has been completed.

(III) Proposed half-year profit distribution plan and reserves-to-equity transfer plan

The Board declares an interim dividend of RMB0.07 per share (tax included) for the first half of 2012. The record date for the interim dividend and the book closure arrangements will be separately announced by the Company.

(IV) Material litigations and arbitrations

During the reporting period, the Company was not involved in any material litigation or arbitration, and as far as the Company is aware, no material litigation and claims were pending or threatened or made against the Company.

(V) Events regarding bankruptcy and restructuring

During the reporting period, there was no event regarding bankruptcy or restructuring of the Company.

(VI) Assets transaction

Status of absorption and merger

In the first half of 2012, the Company continued to push forward the merger with GAC Changfeng and received the written reply of approval from the CSRC on 31 January 2012. On 5 March 2012, the Company published the announcement in relation to share exchange and the first cash alternative implementation with 6 March 2012 as the record date for the implementation of the first cash alternative. Except for Changfeng (Group) Co., Ltd. (“Changfeng Group”) and Mitsubishi Motors Corporation, no other shareholders of GAC Changfeng applied for the exercise of the first cash alternative. Changfeng Group and Mitsubishi Motors Corporation held in aggregate 190,000,000 shares in GAC Changfeng. As the price of cash alternative for each share was RMB12.65, a total consideration of RMB2.41 billion was paid.

23 March 2012 was determined as the record date for share exchange, and the Company determined to issue 286,962,422 Renminbi ordinary shares, representing 4.46% of the total share capital following the issue. The Company was listed on the main board of the Shanghai Stock Exchange on 29 March 2012.

Currently, the Company is in the process of integrating the related assets of GAC Changfeng, based on which GAC Mitsubishi Motor Co., Ltd. will be established.

(VII) Implementation of the share option incentive scheme and its effects

The Company offered H share appreciation rights scheme (the “Scheme”) to the directors, senior management and managerial and key technical personnel and the Scheme is settled in cash. According to the Scheme, each unit of share appreciation rights is notionally linked to one H share and represents the rights conferred to the relevant incentive recipient to receive in cash stipulated earnings from the increase in market share price of the relevant H share. However, no H shares will actually be issued to any incentive recipient. On 29 February 2012, the “Initial Grant Scheme of H Share Appreciation Rights of Guangzhou Automobile Group Co., Ltd.” was reviewed and approved at the first extraordinary general meeting of the Company in 2012.

On the same date, as considered and passed at the 53rd meeting of the second session of the Board, the Company officially implemented the initial grant of the H share appreciation rights of the first phrase, among which, the specific amount distributed to the directors and senior management are as follows:

Name	Position	Number of share appreciation rights granted during the reporting period	Number of exercised share appreciation rights during the reporting period	Number of outstanding share appreciation rights at the end of the reporting period
Zhang Fangyou	Chairman	740,000	0	740,000
Zeng Qinghong	Vice Chairman, General Manager	580,000	0	580,000
Yuan Zhongrong	Director, Deputy General Manager	550,000	0	550,000
Fu Shoujie	Director	550,000	0	550,000
Liu Huilian	Director	550,000	0	550,000
Lu Sa	Director, Secretary of the Board	550,000	0	550,000
Wei Xiaojin	Director	550,000	0	550,000
Li Tun	Director	550,000	0	550,000
Li Shao	Deputy General Manager	500,000	0	500,000
Huang Xiangdong	Deputy General Manager	500,000	0	500,000
Wang Dan	Chief Financial Officer	500,000	0	500,000
Wu Song	Deputy General Manager	500,000	0	500,000
Jiang Ping	Deputy General Manager	500,000	0	500,000
Yao Yiming	Deputy General Manager	550,000	0	550,000
Feng Xingya	Deputy General Manager	550,000	0	550,000
Liu Wei	Deputy General Manager	500,000	0	500,000
Ou Yongjian	Deputy General Manager	500,000	0	500,000
Chen Maoshan	Deputy General Manager	500,000	0	500,000

(VIII) Material contracts and their performance

1. Trusts, contracts and lease arrangements which contribute 10% or more of the total profit of the Company for the period

(1) Custody

During the reporting period, the Company had no custody.

(2) Contracting

During the reporting period, the Company had no contracting.

(3) Leases

During the reporting period, the Company had no leases.

2. Guarantee

<i>Unit: Yuan Currency: RMB</i>										
Guarantor	Relationship between guarantor and listed company	Guarantee	Guaranteed amount	Commencement date of guarantee	Expiry date of guarantee	Type of guarantee	The guarantee is fully performed?	Overdue?	Is counter guarantee available?	Guarantee provided to the related parties?
Guangzhou Automobile Group Autobus Co., Ltd.	Wholly-owned subsidiaries	韶關市公共汽車公司	9,066,666.68	2012-2-16	2015-2-16	Suretyship of joint and several liability	No	No	No	No
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)									9,066,666.68	
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)									9,066,666.68	
Guarantee provided by the Company to its subsidiaries										
Total guarantee to subsidiaries incurred during the reporting period										0
Total balance of guarantee to subsidiaries as at the end of the reporting period (B)									12,000,000	
Aggregate guarantee of the Company (including those provided to subsidiaries)										
Aggregate guarantee (A+B)									21,066,666.68	
Percentage of aggregate guarantee to net assets of the Company (%)										0.06

3. Asset management on trust and entrusted loan

Name of borrower	Amount of entrusted loan	Term of loan	Loan interest rate	Overdue?	Connected transaction?	Whether it is extended?	Is it involved in litigation?	Whether it is financed by the proceeds raised?	Relationship
Guangzhou GACC-Johnson Controls Automotive Interiors Systems Co., Ltd.	2,400,000	2012-3-31 to 2012-10-12	7.40%	NO	YES	NO	NO	NO	Associated company
Guangzhou GACC-Johnson Controls Automotive Interiors Systems Co., Ltd.	21,600,000	2012-6-7 to 2012-10-12	7.40%	NO	YES	NO	NO	NO	Associated company

4. Other material contracts

During the reporting period, the Company had no other material contracts.

(IX) Performance of undertakings

1. The undertakings by the listed companies, controlling shareholders and ultimate controller during the reporting period or subsisting to the reporting period

(1) Undertakings in relation to substantial assets restructuring

Type of undertakings: Resolution of flaws in right of land and other property ownership

Undertaking making party: GAC Changfeng and/or the Company

Content of undertakings:

- (a) Huizhou Liebao Automobile Sales Company (惠州市獵豹汽車銷售公司) (“Huizhou Liebao”), a subsidiary of GAC Changfeng, owns a parcel of land situated in Xie Xia Zhongkai San Lu, Huizhou with land certificate of Hui Fu Guo You (2002) 13021400030 and area of 4,015 sq.m. The building erected on such land were used as the office and exhibition hall of Huizhou Liebao. Huizhou Liebao has now ceased to operate and is under the process of being deregistered, and the status of such land and the buildings thereon are idle. As for the land use right of such land owned by Huizhou Liebao, prior to Huizhou Liebao being deregistered, GAC Changfeng will apply for transferring such land use right to right to sale. If the transfer is not completed before the completion of the deregistration of Huizhou Liebao, it will be carried out by the Company as the

surviving company. The Company undertakes to complete the transfer before 31 December 2012. In case the transfer has not been completed by that time, the surviving company will stop allocating such land.

- (b) As at 31 December 2011, GAC Chengfeng has not obtained the ownership certificates of 6 buildings, with an aggregated area of 25,626.63 sq.m.. GAC Changfeng undertakes to obtain such certificates as soon as possible, and the Company also undertakes to procure GAC Changfeng to obtain such certificates as soon as possible. Before the deregistration of GAC Changfeng, relevant fees and charges will be borne by GAC Changfeng; the Company undertakes to continue the procedure regarding such certificates after the deregistration of GAC Changfeng and bear the relevant fees and charges. Among the 6 buildings, Changsha Changfeng Motor Co., Ltd. (長沙長豐汽車製造有限公司) owns a R&D building situated in 1 Gui Tang Ti Yuan Lu, Yuhua District, Changsha with area of 8,117 sq.m. Because the company is currently in the process of deregistration, it temporarily has not yet obtained the ownership certificate. The Company undertakes the surviving company (being the Company) will complete title documents regarding such buildings and assets and bear the relevant fees and charges. As for the other five buildings, it is expected that the ownership certificates will be obtained by the end of 2012.

The progress made during the reporting period: in the process of obtaining

(2) Undertakings in relation to the initial public offering

Type of undertakings: Shares subject to trading moratorium

(a) Undertaking making party: GAIG

Content of undertaking: It undertakes that, within 36 months from the listing and trading of 3,617,403,529 A shares held by it, it will not transfer or entrust others into management the shares of the Company in issue before this round of issue which were, directly or indirectly, held by it, nor repurchase such shares from the Company.

- (b) Undertaking making parties: Wanxiang Group Corporation (萬向集團公司), China National Machinery Industry Corporation Limited (中國機械工業集團有限公司), Guangzhou Iron & Steel Enterprises Group (廣州鋼鐵企業集團有限公司) and Guangzhou Chime-Long Group Co., Ltd. (廣州長隆集團有限公司)

Content of undertaking: It is undertaken that, within 12 months from the listing and trading of A shares held by them, they will not transfer or entrust others into management of the shares of the Company in issue before this round of issue which were, directly or indirectly, respectively held by them, nor repurchase such shares from the Company.

The progress made during the reporting period: being implemented

(X) Appointment or dismissal of accountants

Whether to appoint another accounting firm: No
Name of domestic auditors: BDO China Shu Lun Pan Certified Public Accountants LLP
Name of overseas auditors: PricewaterhouseCoopers

(XI) Penalty and rectification order against listed company and its directors, supervisors, senior management, the Company's shareholders and ultimate controller

During the reporting period, the Company and its directors, supervisors, senior management, the Company's controlling shareholders and ultimate controller were not subject to any investigation, administrative penalty, criticisms by CSRC and public reprimand by any stock exchange.

(XII) Statement on other significant events

1. Production Safety

The Group adhered to the guidelines of safety first, focus on prevention, comprehensive control, strictly implemented accountability system for production safety and performed duties of supervising and instructing respective investment enterprises on their safety management. During the first half of the year, no production safety accidents of serious injury or over this extent occurred among the Group and the respective investment enterprises. In general, the "safe-production" condition remained stable.

2. Environmental Protection

Working towards the targets of "energy saving, consumption reduction, pollution reduction and efficiency enhancement", the Company carried out a wide range of energy saving and emission reduction activities. During the first half of the year, the Company had no circumstances that fell short of environmental standards.

3. Charitable Activities

The Company is devoted to the traditional Chinese virtues of “assistance to the needy, endeavouring to public welfare”, adhered to the enterprise philosophy of “people as foundation, integrity as principle, innovation as priority”, enthusiastically took part in the charitable activities, performed our own social responsibilities, and facilitated the harmonious development of the community. In the first half of the year, we actively took part in the charitable activities such as “2012 Helping the Poor in Guangdong” themed “enthusiastic participation, care and service”, “Helping the poor household, taking the responsibility for the people” and “Guangzhou Charitable Day” and so on. The Group and its employees donated RMB 3,160,000.

4. Remuneration policy and legal rights of employees

As of 30 June 2012, the number of registered employees of the Company (including its JCEs) amounted to 30,387. The Company signed labor contracts with all employees and provided them with comprehensive remuneration and welfares. In addition to making timely contributions to social insurance, housing provident funds and other statutory benefits, part of the subsidiaries and JCEs have established and improved their benefits systems, including supplementary medical insurance, supplementary pension insurance or enterprise annuity systems.

5. Investor relations activities

Regarding investor relations, the Company insists on the compliance with the principle of “transparency, openness and truthfulness” and regarded “effective communication” as the core of the work, to proactively carry out a wide range of investor relations activities and communicate with investors in a timely and effective manner.

During the reporting period, the Company has organized 2 large Open Day activities for investors, 1 automobile show, 1 telephone conference with global analysts and about 20 telephone conferences for institutional investors and analysts and 5 domestic and overseas investors forums, including receptions of general visits by about 160 investors and analysts from investment institutions.

(XIII) Purchase, sale or redemption of listed securities of the Company

During the reporting period, none of the Company and any of its subsidiaries have purchased, sold or redeemed any of the Company’s listed securities.

VIII. CONDENSED CONSOLIDATED INTERIM FINANCIAL INFORMATION

Interim consolidated statement of comprehensive income

		Unaudited	
		Six months ended 30 June	
	<i>Note</i>	2012	2011
		RMB'000	RMB'000
			Restated
Revenue	6	5,481,982	5,187,907
Cost of sales		(5,226,906)	(4,873,105)
Gross profit		255,076	314,802
Selling and distribution costs		(307,647)	(218,962)
Administrative expenses		(614,683)	(523,663)
Interest income		48,202	125,087
Other gains/(losses) – net		30,570	(5,488)
Operating losses	7	(588,482)	(308,224)
Finance costs	8	(231,938)	(199,313)
Interest income		55,609	19,044
Share of profit of associates		427,238	295,754
Share of profit of jointly-controlled entities	12	1,720,207	1,810,287
Profit before income tax		1,382,634	1,617,548
Income tax credit	9	66,320	49,327
Profit for the period		1,448,954	1,666,875
Other comprehensive income			
for the period, net of tax		(602)	–
Total comprehensive income for the period		1,448,352	1,666,875

		Unaudited	
		Six months ended 30 June	
<i>Note</i>		2012	2011
		RMB'000	RMB'000
			Restated
Profit attributable to:			
	– owners of the Company	1,481,605	1,716,057
	– non-controlling interests	(32,651)	(49,182)
		<u>1,448,954</u>	<u>1,666,875</u>
Total comprehensive income attributable to:			
	– owners of the Company	1,481,244	1,716,057
	– non-controlling interests	(32,892)	(49,182)
		<u>1,448,352</u>	<u>1,666,875</u>
Earnings per share attributable to owners of the Company (expressed in RMB per share)			
	– basic and diluted	<i>10</i> <u>0.24</u>	<u>0.28</u>
Dividends		<i>11</i> <u>450,451</u>	<u>–</u>

Interim consolidated balance sheet

	<i>Note</i>	Unaudited 30 June 2012 RMB'000	Audited 31 December 2011 RMB'000
ASSETS			
Non-current assets			
Land use rights		973,898	983,130
Property, plant and equipment		5,075,733	4,308,829
Investment properties		30,920	32,057
Intangible assets		2,616,619	2,273,409
Investments in jointly-controlled entities	12	12,182,116	9,284,474
Investments in associates		3,963,655	5,097,755
Deferred income tax assets		425,688	339,134
Available-for-sale financial assets		148,453	98,855
Held-to-maturity investments		70,651	70,142
Prepayment		284,338	465,397
		25,772,071	22,953,182
Current assets			
Inventories		1,579,749	1,536,698
Trade and other receivables	13	5,567,734	2,979,669
Financial assets at fair value through profit or loss		2,255	2,250
Time deposits		6,470,639	8,603,852
Restricted cash		353,402	297,067
Cash and cash equivalents		8,783,764	8,239,169
		22,757,543	21,658,705
Total assets		48,529,614	44,611,887
EQUITY			
Equity attributable to owners of the Company			
Share capital		6,435,019	6,148,057
Other reserves		10,187,712	7,869,317
Retained earnings			
– Proposed dividend		450,451	1,287,004
– Others		14,864,213	13,905,194
		31,937,395	29,209,572
Non-controlling interests		937,469	976,052
Total equity		32,874,864	30,185,624

	<i>Note</i>	Unaudited 30 June 2012 RMB'000	Audited 31 December 2011 RMB'000
LIABILITIES			
Non-current liabilities			
Trade and other payables	14	43,152	90,733
Borrowings		7,758,729	7,737,314
Deferred income tax liabilities		20,673	38,901
Government grants		377,936	353,083
Provisions		14,383	—
		<u>8,214,873</u>	<u>8,220,031</u>
Current liabilities			
Trade and other payables	14	5,501,098	4,068,896
Current income tax liabilities		20,111	33,774
Borrowings		1,918,668	2,100,021
Provisions		—	3,541
		<u>7,439,877</u>	<u>6,206,232</u>
Total liabilities		<u>15,654,750</u>	<u>14,426,263</u>
Total equity and liabilities		<u>48,529,614</u>	<u>44,611,887</u>
Net current assets		<u>15,317,666</u>	<u>15,452,473</u>
Total assets less current liabilities		<u>41,089,737</u>	<u>38,405,655</u>

Interim consolidated statement of changes in equity

	Unaudited					
	Attributable to equity holders of the Company				Non-	
	Share capital <i>RMB' 000</i>	Other reserves <i>RMB' 000</i>	Retained earnings <i>RMB' 000</i>	Total <i>RMB' 000</i>	controlling interests <i>RMB' 000</i>	Total equity <i>RMB' 000</i>
Balance at 1 January 2012	6,148,057	7,869,317	15,192,198	29,209,572	976,052	30,185,624
Comprehensive income						
Profit for the period	–	–	1,481,605	1,481,605	(32,651)	1,448,954
Other comprehensive income						
– Available-for-sale financial assets	–	(361)	–	(361)	(241)	(602)
Total comprehensive income	–	(361)	1,481,605	1,481,244	(32,892)	1,448,352
Transactions with owners in their capacity as owners						
Issue of new shares	286,962	2,246,621	–	2,533,583	–	2,533,583
Appropriation to reserve fund	–	72,135	(72,135)	–	–	–
Dividends declared by the Company and subsidiaries	–	–	(1,287,004)	(1,287,004)	(13,464)	(1,300,468)
Contribution from the non-controlling shareholders of subsidiaries	–	–	–	–	7,900	7,900
Disposal of a subsidiary	–	–	–	–	(127)	(127)
Total transactions with owners	286,962	2,318,756	(1,359,139)	1,246,579	(5,691)	1,240,888
Balance at 30 June 2012	6,435,019	10,187,712	15,314,664	31,937,395	937,469	32,874,864
Balance at 1 January 2011	6,148,057	7,636,764	11,826,689	25,611,510	232,587	25,844,097
Comprehensive income						
Profit for the period	–	–	1,716,057	1,716,057	(49,182)	1,666,875
Transactions with owners in their capacity as owners						
Appropriation to reserve fund	–	61,134	(61,134)	–	–	–
Dividends declared by the Company and subsidiaries	–	–	(676,286)	(676,286)	(8,907)	(685,193)
Contribution from the non-controlling shareholders of subsidiaries	–	–	–	–	873,074	873,074
Total transactions with owners	–	61,134	(737,420)	(676,286)	864,167	187,881
Balance at 30 June 2011	6,148,057	7,697,898	12,805,326	26,651,281	1,047,572	27,698,853

Notes to the interim consolidated financial statements

1 General information

Guangzhou Automobile Group Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and sales of passenger vehicles, commercial vehicles, engines and auto parts.

The registered address of the Company is 23/F, Chengyue Building, No. 448-No. 458, Dong Feng Zhong Road, Yuexiu District, Guangzhou, Guangdong, the PRC.

The Company was established in June 1997 as a limited liability company in the PRC. In June 2005, the Company underwent a reorganisation and transformed itself into a joint stock limited liability company under the PRC Company Law by converting its registered share capital and reserve as of 30 June 2004 into 3,499,665,555 shares at RMB 1 each. In 2009, the Company issued additional 435,091,902 shares at par value of RMB 1 each to all its shareholders. After the capital injection and as of 31 December 2009, the Company’s total issued domestic shares were 3,934,757,457.

The Company privatised Denway Motors Limited (“Denway”) on 27 August 2010. Thereafter, Denway became a wholly-owned subsidiary of the Company. The Company’s 2,213,300,218 newly issued shares were then listed on the HKSE by way of Introduction on 30 August 2010.

The Company previously held 29% interests in GAC Changfeng Motor Co., Ltd. (“GAC Changfeng”, which was listed on the Shanghai Stock Exchange (“SSE”)), an associate of the Company, and was the largest shareholder of GAC Changfeng. According to the approval of the Company’s shareholders’ meeting and China Securities Regulatory Commission, the Company paid a cash consideration totalling RMB 2,409,409,738 to the second largest shareholder of GAC Changfeng, Changfeng Group Limited Company, and the third largest shareholder, Mitsubishi Motors Corporation, to acquire 36.57% interests in GAC Changfeng held by these two companies in 2012. Up to 23 March 2012, the Company has issued 286,962,422 A shares in exchange for 34.43% interests in GAC Changfeng held by the remaining shareholders and then GAC Changfeng was delisted. Upon the above arrangement became effective, GAC Changfeng became a wholly owned subsidiary of the Company. On 29 March 2012, the 286,962,422 new shares issued by the Company were listed on the SSE.

This condensed consolidated interim financial information is presented in thousands of Renminbi (“RMB”) Yuan, unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 27 August 2012.

This condensed consolidated interim financial information has not been audited.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2012 has been prepared in accordance with HKAS 34, ‘Interim financial reporting’.

The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2011, which have been prepared in accordance with HKFRSs.

3 Accounting policies

Except as described below, the accounting policies applied in the condensed consolidated financial information are consistent with those described in the annual financial statements for the year ended 31 December 2011.

Taxes on income in the interim periods have been accrued using the tax rate that would be applicable to the estimated annual earnings.

- (a) Amendments and interpretations to existing standards effective in 2012 but not relevant to the Group:

Standards/Interpretation	Subject of amendment	Effective for accounting periods beginning on or after
HKAS 12 (Amendment)	Deferred tax: Recovery of underlying assets,	1 January 2012
HKFRS 7 (Amendment)	Disclosures – Transfers of financial assets	1 July 2011
HKFRS1(Amendment)	Severe hyperinflation and removal of fixed dates for first-time adopters	1 July 2011

- (b) The following new standards and amendments to standards have been issued but are not effective for the financial year beginning 1 January 2012 and have not been early adopted:

Standards/Interpretation	Subject of amendment	Effective for accounting periods beginning on or after
HKFRS 7 (Amendment)	Financial Instruments: Disclosures – Offsetting financial assets and financial liabilities	1 January 2013
HKFRS 9	Financial instruments	1 January 2015
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosure of interests in other entities	1 January 2013
HKFRS 13	Fair value measurement	1 January 2013
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015
HKAS 1 (Amendment)	Presentation of financial statements	1 July 2012
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (revised 2011)	Associates and joint ventures	1 January 2013
HKAS 32 (Amendment) and financial liabilities	Offsetting financial assets	1 January 2014
HK(IFRIC)-Int20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
HKFRS (Amendments)	Annual Improvements 2009-2011 Cycle	1 January 2013

4 Estimates

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 31 December 2011.

5 Financial risk management

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2011.

There have been no changes in the risk management department since year end or in any risk management policies.

5.2 Liquidity risk

Compared to year end, there was no material change in the contractual undiscounted cash outflows for financial liabilities.

5.3 Fair value estimation

The Group's financial instruments recognised in the balance sheet are mainly loans and receivables and financial liabilities carried at amortised cost. The carrying value less impairment provision of trade receivables and payables are a reasonable approximation of their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

6 Segment information

The chief operating decision-maker has been identified as the Board of Directors ("BOD"). The BOD reviews the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The BOD considered the nature of the Group's business and determined that the Group has one reportable operating segments as follows:

Vehicles and related operations, production and sales of a variety of passenger vehicles, commercial vehicles, automotive parts, and related operations.

Others mainly comprise production and sale of motorcycles, automobile finance and insurance business and property investment business.

Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the BOD is measured in a manner consistent with that in the consolidated statement of comprehensive income.

	Vehicles and related operations	Others	Eliminations	Unallocated	Consolidated
	<i>RMB' 000</i>	<i>RMB'000</i>	<i>RMB' 000</i>	<i>RMB' 000</i>	<i>RMB' 000</i>
Six months ended 30 June 2012					
Total segment revenue	5,400,738	120,997	(39,753)	–	5,481,982
Inter-segment revenue	(7,794)	(31,959)	39,753	–	–
	<u>5,392,944</u>	<u>89,038</u>	<u>–</u>	–	<u>5,481,982</u>
Revenue (from external customers)	5,392,944	89,038	–	–	5,481,982
Segment results	(459,112)	(17,297)	(21,258)	–	(497,667)
Unallocated income-Headquarter interest income				47,772	47,772
Unallocated costs-Headquarter expenditure				(138,587)	(138,587)
Operating losses					(588,482)
Finance costs	(80,792)	(84)	–	(151,062)	(231,938)
Interest income	10,438	688	–	44,483	55,609
Share of profit of associates	422,196	5,042	–	–	427,238
Share of profit of jointly-controlled entities	1,665,126	55,081	–	–	1,720,207
	<u>69,955</u>	<u>(431)</u>	<u>–</u>	<u>(3,204)</u>	<u>66,320</u>
Profit before income tax					1,382,634
Income tax credit/(expense)	69,955	(431)	–	(3,204)	66,320
	<u>69,955</u>	<u>(431)</u>	<u>–</u>	<u>(3,204)</u>	<u>66,320</u>
Profit for the period					1,448,954

	Vehicles and related operations <i>RMB' 000</i>	Others <i>RMB' 000</i>	Eliminations <i>RMB' 000</i>	Unallocated <i>RMB' 000</i>	Consolidated <i>RMB' 000</i>
For six months ended 30 June 2011					
Total segment revenue	4,997,955	215,685	(25,733)	–	5,187,907
Inter-segment revenue	(4,532)	(21,201)	25,733	–	–
Revenue (from external customers)	4,993,423	194,484	–	–	5,187,907
Segment results	(299,148)	11,733	(20,441)	–	(307,856)
Unallocated income-Headquarter interest income				123,728	123,728
Unallocated costs-Headquarter expenditure				(124,096)	(124,096)
Operating losses					(308,224)
Finance costs	(73,196)	(95)	–	(126,022)	(199,313)
Interest income	8,251	18	–	10,775	19,044
Share of profit of associates	292,537	3,217	–	–	295,754
Share of profit of jointly-controlled entities	1,797,611	12,676	–	–	1,810,287
Profit before income tax					1,617,548
Income tax credit/(expense)	62,235	(229)	–	(12,679)	49,327
Profit for the period					1,666,875

	Vehicles and related operations <i>RMB' 000</i>	Others <i>RMB' 000</i>	Eliminations <i>RMB' 000</i>	Unallocated <i>RMB' 000</i>	Consolidated <i>RMB' 000</i>
Total assets					
At 30 June 2012	31,982,190	4,099,487	(834,048)	13,281,985	48,529,614
At 31 December 2011	26,361,376	4,877,475	(1,767,030)	15,140,066	44,611,887
Total liabilities					
At 30 June 2012	7,481,434	1,547,876	(836,541)	7,461,981	15,654,750
At 31 December 2011	7,614,745	1,123,340	(1,764,751)	7,452,929	14,426,263

7 Operating losses

The following items have been (credited)/charged to the operating losses during the period:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Depreciation and amortisation	288,204	245,048
Impairment of inventory	4,198	808
Reversal of provision for impairment loss for trade and other receivables	(794)	(14,553)
Staff costs	587,719	453,991
Gain on disposal of property, plant and equipment	(613)	(937)
Government grants	(51,896)	(139,096)
Donation	4,582	139,965
	<u>288,204</u>	<u>245,048</u>

8 Finance costs

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Interest for borrowings from bank and other financial institutions	212,201	190,683
Others	19,737	8,630
	<u>231,938</u>	<u>199,313</u>

9 Income tax credit

The amount of taxation credited to the interim consolidated statement of comprehensive income:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Current income tax		
– Hong Kong profits tax	–	286
– PRC enterprise income tax	38,462	28,332
	<u>38,462</u>	<u>28,332</u>
Deferred income tax	(104,782)	(77,945)
	<u>(66,320)</u>	<u>(49,327)</u>

10 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during each period. During relevant the periods, there were no potential dilutive ordinary shares, diluted earnings per share was equal to the basic earnings per share.

11 Dividend

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
Proposed interim dividend: RMB0.07 (2011: nil)	450,451	–

A dividend of RMB 6,715,000 was paid (2011: RMB 33,505,000) in six months ended 30 June 2012.

In addition, an interim dividend of RMB0.07 per share (2011: nil) was proposed by the board of directors on 27 August 2012. This interim dividend, amounting to approximately RMB450,451,000 (2011: nil), has not been recognised as a liability in this interim financial information.

12 Investments in jointly-controlled entities

(a) Movements of investments in jointly-controlled entities are set out as follows:

	Six months ended 30 June	
	2012	2011
	RMB'000	RMB'000
At beginning of the period	9,284,474	8,166,021
Additions (<i>Note (i)</i>)	3,345,740	1,096,005
Share of profit	1,730,194	1,818,857
Dividends received	(2,178,292)	(3,231,588)
End of the period	12,182,116	7,849,295

(i) After the Company's privatisation of GAC Changfeng in March 2012, the Company planned to transfer interests in certain business and assets totalling RMB 2,710,000,000 to two companies. According to the actual transfer of the rights of control, the Company de-recognised the related business and assets in current period. The remaining business of GAC Changfeng was jointly controlled by the Company and a third party. As a result, the Company recognised the addition in investment in jointly-controlled entities amounting to RMB 3,345,740,000.

Carrying amount of 29% interests in GAC Changfeng previously held by the Company	1,037,842
Cash consideration paid for the acquisition of 36.57% interests in GAC Changfeng	2,409,410
Fair value of newly-issued shares for the acquisition of 34.43% interests in GAC Changfeng	2,608,488
Total	6,055,740
Consideration receivable for transfer of equity interest (recognised as other receivables at 30 June 2012)	2,710,000
Additions in investments in jointly-controlled entities	3,345,740
Total	6,055,740

- (b) The following amounts represent the Group's share of the assets and liabilities, and income and expenses of the jointly-controlled entities.

	As at	
	30 June	31 December
	2012	2011
	RMB'000	RMB'000
Assets		
Non-current assets		
– Property, plant and equipment	8,479,210	7,109,745
– Other non-current assets	5,134,980	1,817,540
	13,614,190	8,927,285
Current assets		
– Inventories	3,517,273	2,148,486
– Trade and other receivables	5,497,491	3,116,471
– Other current assets	7,039,078	10,666,573
	16,053,842	15,931,530
Total assets	29,668,032	24,858,815
Liabilities		
Non-current liabilities		
– Borrowings	629,246	97,712
– Other non-current liabilities	771,790	667,728
	1,401,036	765,440
Current liabilities		
– Trade and other payables	11,129,058	11,253,783
– Borrowings	4,191,934	1,939,933
– Other current liabilities	750,540	1,601,239
	16,071,532	14,794,955
Total liabilities	17,472,568	15,560,395
Net assets	12,195,464	9,298,420
Less: Non-controlling interests	(13,348)	(13,946)
	12,182,116	9,284,474

	Six months ended 30 June	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Income	26,912,200	23,347,431
Cost of sales	(22,050,208)	(18,987,753)
Other expenses	(3,132,498)	(2,541,817)
Profit after income tax	1,729,494	1,817,861
Add: Loss shared by non-controlling interests	700	996
	1,730,194	1,818,857
Less: Impact of unrealised profit arising from transactions between the Group and jointly-controlled entities	(9,987)	(8,570)
Share of profit of jointly-controlled entities	1,720,207	1,810,287

(c) The combined results of the Group's jointly-controlled entities are as follows:

	Six months ended 30 June	
	2012	2011
	<i>RMB'000</i>	<i>RMB'000</i>
Income	53,858,755	46,704,518
Expenses	(50,076,967)	(42,989,602)
Profit after income tax	3,781,788	3,714,916

13 Trade and other receivables

Sales of passenger vehicles were normally made with advance payment. Sales of other products were made on credit terms ranging from 2 to 170 days.

As at 30 June 2012 and 31 December 2011, the ageing analysis of trade receivables is as follows:

	As at	
	30 June 2012 RMB'000	31 December 2011 RMB'000
Trade receivables		
Within 3 months	298,295	573,843
Between 3 months and 1 year	331,464	183,398
Between 1 and 2 years	8,920	4,003
Between 2 and 3 years	1,732	4,242
Over 3 years	132,026	133,736
	772,437	899,222
Less: Provision for impairment	(134,309)	(135,321)
Trade receivables-net	638,128	763,901

14 Trade and other payables

As at 30 June 2012 and 31 December 2011, the ageing analysis of the trade payables is as follows:

	As at	
	30 June 2012 RMB'000	31 December 2011 RMB'000
Trade payables		
Within 1 year	1,834,864	1,823,937
Between 1 and 2 years	30,234	20,151
Between 2 and 3 years	5,032	2,701
Over 3 years	3,202	3,619
	1,873,332	1,850,408

By order of the Board
Guangzhou Automobile Group Co., Ltd.
Zhang Fangyou
Chairman

Guangzhou, the PRC, 27 August 2012

As at the date of this announcement, the executive directors of the Company are ZHANG Fangyou, ZENG Qinghong, YUAN Zhongrong and LU Sa, the non-executive directors of the Company are FU Shoujie, LIU Huilian, WEI Xiaoqin, LI Tun, LI Pingyi and DING Hongxiang and the independent non-executive directors of the Company are WU Gaogui, MA Guohua, XIANG Bing, LAW Albert Yu Kwan and LI Zhengxi.