广汽集团
GAC GROUP

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)

2013 ANNUAL RESULTS ANNOUNCEMENT

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2013 together with the comparative figures of the corresponding period ended 31 December 2012. The result has been reviewed by the Audit Committee of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December **2013** *RMB'000*	2012 *RMB'000*
Revenue	*3*	**18,824,199**	12,963,860
Cost of sales	*4*	**(16,829,736)**	(12,273,586)
Gross profit		**1,994,463**	690,274
Selling and distribution costs	*4*	**(1,070,813)**	(814,760)
Administrative expenses	*4*	**(1,712,901)**	(1,332,539)
Interest income		**373,577**	279,795
Other (losses)/gains-net	*5*	**(432,824)**	12,865
Operating loss		**(848,498)**	(1,164,365)
Finance costs	*6*	**(645,305)**	(528,644)
Interest income		**102,745**	55,891
Share of profit of joint ventures and associates	*7*	**4,020,350**	2,637,092
Profit before income tax		**2,629,292**	999,974
Income tax (expense)/credit	*8*	**(100,784)**	64,786
Profit for the year		**2,528,508**	1,064,760
Other comprehensive income			
Items that will be reclassified subsequently to profit or loss-change in value of available-for-sale financial assets, net of tax		**437**	1,211
Total comprehensive income for the year		**2,528,945**	1,065,971
Profit/(loss) attributable to:			
Equity holders of the Company		**2,652,837**	1,133,982
Non-controlling interests		**(124,329)**	(69,222)
		2,528,508	1,064,760
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**2,653,949**	1,134,709
Non-controlling interests		**(125,004)**	(68,738)
		2,528,945	1,065,971
Earnings per share attributable to equity holders of the Company			
(expressed in RMB per share)			
– basic and diluted	*9*	**0.41**	0.18
Dividends	*10*	**1,029,604**	579,151

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2013 RMB'000	2012 RMB'000
ASSETS			
Non-current assets			
Land use rights		**1,150,803**	1,064,581
Property, plant and equipment		**7,366,265**	5,927,416
Investment properties		**143,474**	30,580
Intangible assets		**3,083,630**	3,076,492
Investments in joint ventures and associates	*7*	**18,424,546**	16,881,951
Deferred income tax assets		**529,587**	567,622
Available-for-sale financial assets		**152,228**	144,099
Held-to-maturity investments		**49,853**	71,175
Prepayments and long-term receivables		**429,063**	1,395,654
		31,329,449	29,159,570
Current assets			
Inventories		**2,036,360**	1,397,419
Trade and other receivables	*11*	**4,724,819**	3,303,090
Available-for-sale financial assets		**688,183**	–
Held-to-maturity investments		**22,334**	–
Financial assets at fair value through profit or loss		**2,562**	31,455
Time deposits		**4,665,056**	5,558,589
Restricted cash		**291,173**	667,952
Cash and cash equivalents		**14,083,345**	9,315,874
		26,513,832	20,274,379
Total assets		**57,843,281**	49,433,949
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**6,435,019**	6,435,019
Other reserves		**10,562,909**	10,190,029
Retained earnings		**16,313,263**	14,517,023
– Proposed final dividend	*10*	**643,502**	128,700
– Others		**15,669,761**	14,388,323
		33,311,191	31,142,071
Non-controlling interests		**805,005**	921,760
Total equity		**34,116,196**	32,063,831

		As at 31 December	
	Note	**2013**	2012
		RMB'000	*RMB'000*
LIABILITIES			
Non-current liabilities			
Trade and other payables	*12*	**4,134**	18,530
Borrowings		**4,775,127**	7,776,084
Deferred income tax liabilities		**21,339**	16,323
Provisions		**74,221**	21,587
Government grants		**793,541**	507,786
		5,668,362	8,340,310
Current liabilities			
Trade and other payables	*12*	**8,637,253**	6,375,740
Borrowings		**9,396,766**	2,514,720
Current income tax liabilities		**24,704**	139,348
		18,058,723	9,029,808
Total liabilities		**23,727,085**	17,370,118
Total equity and liabilities		**57,843,281**	49,433,949
Net current assets		**8,455,109**	11,244,571
Total assets less current liabilities		**39,784,558**	40,404,141

NOTES

1. GENERAL INFORMATION

Guangzhou Automobile Group Company Limited (the "Company") and its subsidiaries (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 People's Republic of China (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 at 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 its shareholders. After the capital injection and as at 31 December 2009, the Company's total issued domestic shares were 3,934,757,457.

The Company privatised Denway Motors Limited ("Denway"), a subsidiary listed on the Hong Kong Stock Exchange (the "HKSE") on 27 August 2010. Thereafter, Denway has become a wholly-owned subsidiary of the Company. The Company's 2,213,300,218 newly issued shares for privatisation of Denway 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")). Subsequent to the approval by the Company's shareholders and China Securities Regulatory Commission, the Company paid cash and issued 286,962,422 RMB ordinary shares of the Company to acquire the remaining interests of GAC Changfeng. GAC Changfeng was then delisted from SSE and became a wholly owned subsidiary of the Company. On 29 March 2012, the Company was listed on the SSE.

These financial statements are presented in thousands of Renminbi Yuan ("RMB"), unless otherwise stated. These financial statements have been approved for issue by the board of directors on 26 March 2014.

2. BASIS OF PRESENTATION

The consolidated financial statements of the Group have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRS"). The consolidated financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets and financial assets at fair value through profit or loss, which are carried at fair value.

(a) The following new standards and amendments, revisions and interpretation to existing standards are mandatory for the first time for the financial year beginning 1 January 2013:

Standards	**Subject of amendment**	**Effective for accounting periods beginning on or after**
HKAS 1 (Amendment)	Financial statement presentation	1 January 2013
HKAS 19 (Amendment)	Employee benefits	1 January 2013
HKAS 27 (revised 2011)	Separate financial statements	1 January 2013
HKAS 28 (revised 2011)	Investment in associates and joint ventures	1 January 2013
HKFRS 1 (Amendment)	First time adoption-Government loans	1 January 2013
HKFRS 7 (Amendment)	Financial instruments: Disclosures-Offsetting financial assets and financial liabilities	1 January 2013
HKFRS 10	Consolidated financial statements	1 January 2013
HKFRS 11	Joint arrangements	1 January 2013
HKFRS 12	Disclosures of interests in other entities	1 January 2013
HKFRS 10 and HKFRS 11 and HKFRS 12 (Amendments)	Consolidated financial statements, joint arrangements, disclosures of interest in other entities: Transitional guidance	1 January 2013
HKFRS 13	Fair value measurements	1 January 2013
Annual Improvement Project	Annual improvements 2009-2011 cycle	1 January 2013

The amendments to HKAS 1 introduce a grouping of items presented in other comprehensive income. Items that could be reclassified to profit or loss at a future point in time now have to be presented separately from items that will never be reclassified. The adoption of these amendments affected presentation only and had no impact on the Group's results of operations or financial position.

HKFRS 13 measurement and disclosure requirements are applicable for the December 2013 year end. The Group has included the disclosures for financial assets and non-financial assets.

As a result, the adoption of above new standards and amendments, revisions and interpretation to existing standards does not have material impact on the results and financial position of the Group.

(b) The following new standards and amendments, revisions and interpretations to standards have been issued but are not effective for the financial year beginning 1 January 2013 and have not been early adopted:

Standards	Subject of amendment	Effective for accounting periods beginning on or after
HKFRS 9	Financial instruments	1 January 2015
HKFRS 7 and HKFRS 9 (Amendment)	Mandatory effective date and transition disclosures	1 January 2015
HKAS 32 (Amendment)	Offsetting financial assets and financial liabilities	1 January 2014
Amendments to HKFRS 10, HKFRS 12 and HKAS 27 (revised 2011)	Consolidated financial statements, disclosure of interests in other entities and separate financial statements	1 January 2014
Amendments to HKAS 36	Recoverable amount disclosures for non-financial assets	1 January 2014
HK (IFRIC) Interpretation 21	Levies	1 January 2014

The Group has already commenced an assessment of the impact of these new or revised standards and amendments to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted.

3. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the executive directors. The executive directors review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The executive directors considered the nature of the Group's business and determined that the Group has two reportable operating segments as follows:

Vehicles and related operations segment - production and sale 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, and investing 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 executive directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

The segment results for the year ended 31 December 2013 and other segment items included in the consolidated statement of comprehensive income are as follows:

	Vehicles and related operations	**Others**	**Eliminations**	**Unallocated**	**Consolidated**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Total gross segment revenue	**18,146,617**	**748,983**	**(71,401)**		**18,824,199**
Inter-segment revenue	**(22,727)**	**(48,674)**	**71,401**		**–**
Revenue (from external customers)	**18,123,890**	**700,309**	**–**		**18,824,199**
Segment results	**(783,607)**	**(73,257)**	**(57,922)**		**(914,786)**
Unallocated income-Headquarter interest income				**343,215**	**343,215**
Unallocated costs-Headquarter expenditure				**(276,927)**	**(276,927)**
Operating loss					**(848,498)**
Finance costs	**(193,122)**	**(5,922)**	**–**	**(446,261)**	**(645,305)**
Interest income	**34,411**	**1,737**	**–**	**66,597**	**102,745**
Share of profit of joint ventures and associates	**3,824,022**	**196,328**	**–**	**–**	**4,020,350**
Profit before income tax					**2,629,292**
Income tax (expense)/credit	**(92,032)**	**16,363**	**–**	**(25,115)**	**(100,784)**
Profit for the year					**2,528,508**
Other segment items					
Depreciation and amortisation	**920,326**	**8,308**	**–**	**22,182**	**950,816**
Provision for/(reversal of) impairment loss of trade and other receivables	**34,749**	**115**	**–**	**(2,193)**	**32,671**
Impairment of inventories	**44,884**	**–**	**–**	**–**	**44,884**
Impairment charges of property, plant and equipment	**2,729**	**–**	**–**	**–**	**2,729**

The segment assets and liabilities as at 31 December 2013 and additions to non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments) for the year then ended are as follows:

	Vehicles and related operations *RMB'000*	**Others** *RMB'000*	**Eliminations** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*
Total assets	**35,022,645**	**3,512,778**	**(853,804)**	**20,161,662**	**57,843,281**
Total assets include:					
Investments in joint ventures and associates	**16,607,675**	**1,816,871**	**–**	**–**	**18,424,546**
Total liabilities	**11,874,456**	**551,172**	**(853,804)**	**12,155,261**	**23,727,085**
Additions to non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments)	**1,388,095**	**783,012**	**–**	**–**	**2,171,107**

The segment results for the year ended 31 December 2012 and other segment items included in the consolidated statement of comprehensive income are as follows:

	Vehicles and related operations *RMB'000*	**Others** *RMB'000*	**Eliminations** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*
Total gross segment revenue	12,736,307	305,155	(77,602)		12,963,860
Inter-segment revenue	(23,773)	(53,829)	77,602		–
Revenue (from external customers)	12,712,534	251,326	–		12,963,860
Segment results	(908,320)	(72,630)	(45,699)		(1,026,649)
Unallocated income-Headquarter interest income				274,073	274,073
Unallocated costs-Headquarter expenditure				(411,789)	(411,789)
Operating loss					(1,164,365)
Finance costs	(236,412)	(15,037)	–	(277,195)	(528,644)
Interest income	21,279	10,249	–	24,363	55,891
Share of profit of joint ventures and associates	2,521,383	115,709	–	–	2,637,092
Profit before income tax					999,974
Income tax credit/(expense)	100,738	15,707	(8,502)	(43,157)	64,786
Profit for the year					1,064,760
Other segment items					
Depreciation and amortisation	638,909	12,941	–	15,761	667,611
Provision for/(reversal of) impairment loss of trade and other receivables	6,044	118	–	(17,092)	(10,930)
Impairment of inventories	21,413	–	–	–	21,413

The segment assets and liabilities as at 31 December 2012 and additions to non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments) for the year then ended are as follows:

	Vehicles and related operations *RMB'000*	**Others** *RMB'000*	**Eliminations** *RMB'000*	**Unallocated** *RMB'000*	**Consolidated** *RMB'000*
Total assets	34,135,580	4,375,091	(1,227,708)	12,150,986	49,433,949
Total assets include:					
Investments in joint ventures and associates	15,733,069	1,148,882	–	–	16,881,951
Total liabilities	10,484,526	780,928	(1,166,630)	7,271,294	17,370,118
Additions to non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments)	4,108,171	1,676,418	–	–	5,784,589

Reportable segments' assets are reconciled to total assets as follows:

	As at 31 December **2013** ***RMB'000***	2012 *RMB'000*
Total segment assets	**37,681,619**	37,282,963
Unallocated assets:		
– Cash and bank balance and other assets of headquarter	**20,161,662**	12,150,986
Total assets	**57,843,281**	49,433,949

Reportable segments' liabilities are reconciled to total liabilities as follows:

	As at 31 December **2013** ***RMB'000***	2012 *RMB'000*
Total segment liabilities	**11,571,824**	10,098,824
Unallocated liabilities:		
– Borrowings and other liabilities of headquarter	**12,155,261**	7,271,294
Total liabilities	**23,727,085**	17,370,118

Revenue from external customers by geographical location is as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Mainland China	**18,822,022**	12,961,965
Hong Kong	**2,177**	1,895
	18,824,199	12,963,860

Non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments) located by geographical location are as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Mainland China	**30,498,430**	28,272,793
Hong Kong	**99,351**	103,881
	30,597,781	28,376,674

Analysis of revenue by category:

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Sales of products	**18,313,879**	12,601,049
Rendering of services	**273,617**	230,680
Others	**236,703**	132,131
	18,824,199	12,963,860

4. EXPENSES BY NATURE

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Auditors' remuneration	**6,668**	6,443
Depreciation and amortisation	**950,816**	667,611
Impairment charges of property, plant and equipment	**2,729**	–
Impairment of inventories	**44,884**	21,413
Provision for/(reversal of) impairment loss of trade and other receivables	**32,671**	(10,930)
Employee benefit expenses	**2,165,669**	1,609,486
Changes in inventories of finished goods, merchandise and work-in-progress	**(604,878)**	286,719
Raw materials, goods and consumables used	**14,936,490**	10,427,179
Sales tax and levies	**740,659**	411,510
Transportation	**129,982**	85,227
Advertising and promotion	**580,832**	524,852
Warranty expenses	**97,237**	43,252
Research costs	**262,887**	138,816
Amortisation of government grants	**(44,029)**	(33,093)
Operating lease expenses	**78,083**	50,348
Other expenses	**232,750**	192,052
Total cost of sales, selling and distribution costs and administrative expenses	**19,613,450**	14,420,885

5. OTHER LOSSES/(GAINS)-NET

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Net foreign exchange (gains)/losses	**(8,169)**	5,821
Loss/(gain) on disposal of property, plant and equipment and intangible assets (note a)	**498,622**	(5,181)
Donations	**42,815**	74,850
Loss on disposal of subsidiaries and associates	**51,618**	792
Government grants	**(125,599)**	(104,961)
Others	**(26,463)**	15,814
	432,824	(12,865)

(a) The Group disposed of certain assets to a third party in 2013. The loss on this disposal amounted to approximately RMB 498,192,000. The Group estimates it will receive government grants to compensate for such disposal loss.

6. FINANCE COSTS

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Interest expense	**700,351**	560,522
Interest capitalised in qualifying assets	**(46,550)**	(32,614)
Net foreign exchange (gains)/losses on financing activities	**(8,496)**	736
	645,305	528,644

7. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The amounts recognised in the balance sheet are as follows:

		As at 31 December	
	Note	**2013**	2012
		RMB'000	*RMB'000*
Investments in joint ventures	*(a)*	**13,200,531**	12,313,895
Investments in associates		**5,224,015**	4,568,056
		18,424,546	16,881,951

The amounts recognised in the consolidated statement of comprehensive income are as follows:

		Year ended 31 December	
	Note	**2013**	2012
		RMB'000	*RMB'000*
Share of profit of joint ventures	*(a)*	**3,100,223**	2,014,701
Share of profit of associates		**920,127**	622,391
		4,020,350	2,637,092

(a) Investments in joint ventures

	As at 31 December	
	2013	2012
	RMB' 000	*RMB' 000*
Investment in unlisted shares	**13,200,531**	12,313,895

(i) Movements of investments in joint ventures are set out as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
At beginning of the year	**12,313,895**	9,284,474
Additions	**827,600**	4,175,888
Share of profits	**3,136,213**	2,017,247
Dividends received	**(3,077,177)**	(3,129,244)
Disposal	**–**	(34,470)
End of the year	**13,200,531**	12,313,895

(ii) Summarised financial information for joint ventures

Set out below is the summary of combined financial information for all the joint ventures of the Group (excluding goodwill). As restricted by the confidentiality agreements entered into with other shareholders of certain joint ventures, the Group has not disclosed certain financial data of material joint ventures separately. The aggregate of the financial information of the seven material joint ventures identified by Directors cover over 90% of combined financial information of all the joint ventures of the Group listed below.

The below financial information of the joint ventures has been consistently measured based on the fair values of the identifiable assets acquired and the liabilities assumed at the date of acquisition.

Summarised balance sheet

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Assets		
Non-current assets	**24,756,458**	21,404,008
Current assets		
– Cash and cash equivalents	**17,203,187**	15,033,174
– Other current assets	**37,482,874**	19,386,133
	54,686,061	34,419,307
Total assets	**79,442,519**	55,823,315
Liabilities		
Non-current liabilities		
– Financial liabilities (excluding trade and other payables)	**3,541,434**	2,326,205
– Other non-current liabilities (including trade and other payables)	**1,674,395**	1,243,772
	5,215,829	3,569,977
Current liabilities		
– Financial liabilities (excluding trade and other payables)	**16,038,930**	9,095,520
– Other current liabilities (including trade and other payables)	**37,437,090**	24,217,391
	53,476,020	33,312,911
Total liabilities	**58,691,849**	36,882,888
Net assets	**20,750,670**	18,940,427
Less: Non-controlling interests	**(18,569)**	(28,689)
	20,732,101	18,911,738

Summarised statement of comprehensive income

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Revenue	**132,531,944**	102,408,592
Cost of sales	**(112,466,741)**	(88,222,884)
Other expenditures	**(13,811,180)**	(10,146,400)
Profit after tax	**6,254,023**	4,039,308
Add: losses shared by non-controlling interests	**11,082**	628
	6,265,105	4,039,936
Other comprehensive income	**–**	–
Total comprehensive income	**6,265,105**	4,039,936

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures.

8. TAXATION

(a) Income tax expense/(credit)

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Current income tax:		
– Hong Kong profits tax	**–**	–
– PRC enterprise income tax	**57,172**	222,764
	57,172	222,764
Deferred tax	**43,612**	(287,550)
	100,784	(64,786)

The difference between the actual income tax credit in the consolidated statement of comprehensive income and the amounts which would result from applying the enacted tax rate to profit before income tax is reconciled as follows:

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Profit before income tax	**2,629,292**	999,974
Tax calculated at domestic tax rates applicable to profits in the respective countries	**631,606**	257,475
Share of profit of joint ventures and associates	**(1,005,088)**	(659,273)
Income not subject to tax	**(4,183)**	(16,675)
Expenses not deductible for tax purposes	**25,757**	37,662
Utilisation of previously unrecognised tax losses	**(7,708)**	(21,206)
Tax losses and deductible temporary differences for which no deferred income tax asset was recognised	**460,400**	240,846
Other – income tax related to restructuring of GAC Changfeng	**–**	96,385
Income tax expense	**100,784**	(64,786)

The tax rates applicable to the major subsidiaries, joint ventures and associates for the year ended 31 December 2013 are 25% (2012: 25%).

Certain subsidiaries are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2012: 16.5%) on the estimated assessable profits for the year ended 31 December 2013.

(b) Consumption tax ("CT") and business tax ("BT")

Certain companies within the Group are subject to CT at rates ranging from 3% to 25% for the sales of passenger vehicles and commercial vehicles.

In addition, the Group is also subject to BT at the rate of 5% for service fee income received and receivable.

(c) Value-added tax ("VAT")

The sales of products are normally subject to output VAT at 17% which is included in the selling price. An input credit is available whereby input VAT previously paid on purchases of raw materials or semi-finished products can be used to offset output VAT to determine net VAT payable.

9. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the consolidated profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Profit attributable to equity holders of the Company	**2,652,837**	1,133,982
Weighted average number of ordinary shares in issue (thousands)	**6,435,019**	6,363,279
Basic earnings per share (RMB per share)	**0.41**	0.18

As there were no potential dilutive ordinary shares during 2013 and 2012, diluted earnings per share was equal to basic earnings per share.

10. DIVIDENDS

Dividends paid in 2013 and 2012 were RMB 514,802,000 and RMB 1,737,455,000 respectively. A final dividend in respect of the year ended 31 December 2013 of RMB 0.1 per ordinary share, amounting to a total dividend of approximately RMB 643,502,000 is to be proposed at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2013	2012
	RMB'000	*RMB'000*
Interim dividend paid of RMB: 0.06 (2012: RMB 0.07) per ordinary share	**386,102**	450,451
Proposed final dividend of RMB 0.1 (2012: RMB 0.02) per ordinary share	**643,502**	128,700
	1,029,604	579,151

11. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Trade receivables	**1,167,049**	1,173,583
Less: Provision for impairment	**(142,431)**	(137,655)
Trade receivables-net	**1,024,618**	1,035,928
Notes receivable	**262,071**	58,972
Interest receivable	**183,953**	88,334
Entrusted loans to related parties	**112,500**	76,600
Value-added tax recoverable	**286,903**	208,306
Prepayments	**484,251**	364,746
Dividends receivable	**1,588,237**	982,330
Other receivables	**782,286**	487,874
	4,724,819	3,303,090

(a) Sales of passenger vehicles were normally made with advances from customers. Sales of other products were made on credit terms ranging from 2 to 170 days. As at 31 December 2013 and 2012, ageing analysis of trade receivables at respective balance sheet dates is as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Within 3 months	**783,626**	610,317
Between 3 months and 1 year	**176,372**	402,522
Between 1 and 2 years	**58,743**	23,325
Between 2 and 3 years	**17,914**	3,243
Over 3 years	**130,394**	134,176
	1,167,049	1,173,583

12. TRADE AND OTHER PAYABLES

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Trade payables	**3,624,095**	2,817,243
Bills payable	**944,122**	1,110,902
Advances from customers	**408,946**	398,296
Employee benefits payable	**568,656**	335,440
Other taxes	**359,516**	119,166
Interest payable	**361,091**	192,105
Government grants	**9,670**	162,284
Other payables	**2,365,291**	1,258,834
	8,641,387	6,394,270
Less: non-current portion of trade and other payables	**(4,134)**	(18,530)
Current portion	**8,637,253**	6,375,740

As at 31 December 2013 and 2012, the ageing analysis of the Group's trade payables is as follows:

	As at 31 December	
	2013	2012
	RMB'000	*RMB'000*
Within 1 year	**3,572,843**	2,771,967
Between 1 and 2 years	**35,449**	37,959
Between 2 and 3 years	**9,763**	3,612
Over 3 years	**6,040**	3,705
	3,624,095	2,817,243

CHAIRMAN'S STATEMENT

China's economy steadily developed in 2013. After slight increase and adjustments for two consecutive years, the automobile industry in China experienced a rebound and revived the trend of high growth. The production and sales of vehicles in the PRC during the year were 22,116,800 units and 21,984,100 units, representing an increase of 14.76% and 13.87%, respectively compared to the corresponding period last year, among which, the production and sales of passenger vehicles amounted to 18,085,200 units and 17,928,900 units, representing an increase of 16.50% and 15.71% respectively compared to the corresponding period last year; the production and sales of commercial vehicles amounted to 4,031,600 units and 4,055,200 units, representing an increase of 7.56% and 6.40% respectively compared to the corresponding period last year. In 2013, the motorcycle market encountered consecutive declines. The production and sales of motorcycles of the year were 22,891,700 units and 23,045,000 units respectively, representing a decrease of 3.12% and 2.56% respectively compared to last year, being the lowest since 2007, among which domestic sales and export of motorcycles amounted to 13,876,700 units and 9,168,100 units, representing a decrease of 5.73% and an increase of 2.60% respectively compared to the corresponding period last year.

In 2013, in face of intense marketing competition and complicated operation environment, the Group captured the favourable moments of the rebound in the domestic automobile market and accelerated the release of newly built production capacity and introduction of new products to achieve rapid growth of the overall operation. The corresponding increase in production and sales of automobiles and motorcycles were higher than the industry standard in the year. The production and sales of the Group together with its joint ventures and associated companies amounted to 1,007,500 units and 1,004,600 units respectively, representing an increase of 43.25% and 41.05% respectively compared to the corresponding period last year; among which, the production and sales of passenger vehicles were 984,900 units and 981,200 units respectively, representing an increase of 46.68% and 44.25% respectively compared to the corresponding period last year; the production and sales of commercial vehicles were 22,500 units and 23,400 units respectively, representing a decrease of 29.26% and 26.84% compared to the corresponding period last year; the production and sales of motorcycles were 996,600 units and 1,000,100 units respectively, representing an increase of 2.43% and 5.16% respectively compared to the corresponding period last year.

During the reporting period, the total gross sales of the Group together with its joint ventures and associated companies amounted to approximately RMB201,373 million, representing an increase of approximately RMB45,854 million or approximately 29.48 % compared to the corresponding period last year

During the reporting period, operating income of the Group amounted to RMB18,824 million, representing an increase of approximately 45.21% compared to the corresponding period last year. Net profit attributable to owners of the parent company amounted to approximately RMB2,653 million, representing an increase of approximately 133.95%. Earnings per share amounted to RMB0.41, representing an increase of 127.78% compared to the corresponding period last year.

In the reporting period, the Group centred upon enhancing quality and efficiency of economic growth. Innovative reform of management system and mechanism was promoted. Capability building and cost control were vigorously promoted. The Group also promoted the research and development of new energy and technology. The development of joint ventures and proprietary business was accelerated. The Group made the record-breaking breakthrough of exceeding 1 million units in the sales of both automobiles and motorcycles. The overall production and operation of the Group showed a more rapid trend of development with the strengthening of industrial synergy effect, the enrichment of product system.

Looking forward to 2014, the global economy will enter the period of structural adjustment. Institutions governing the economy will enter the phase of reform. Innovation and industry transition will be in cultivation. Macroeconomic policies of the PRC will remain prudent and the development of the overall economy is expected to remain steady. In view of the acceleration of urbanization and the more sophisticated structure of consumers' needs, the development of the domestic automobile market is expected to develop steadily. The growth rate of sales of the year is expected to be approximately 10%. The continuous promotion of energy saving policy will bring new opportunities for the development of new energy vehicles and energy-saving vehicles.

In 2014, the Group will continue to deepen its innovative reform, optimize its system and mechanism and promote improvement of management. It will also continue to accelerate the development of joint venture business, strengthen the setup of proprietary brands, enhance synergy effect of the industry and raise the capital operation level. Product quality and brand value will be improved with persistence of "quality growth" to facilitate rapid and favourable development of the Group.

BUSINESS OVERVIEW

I. Summary of Business

The Group's main business consists of researching and developing, manufacturing and sales of passenger vehicles, commercial vehicles, motorcycles, engines and auto parts, as well as car sale and leasing, after-sale services, import and export of automobile-related products, logistics services, automobile finance and automobile insurance and brokerage services.

(1) Automobile

The Group produces a variety of passenger vehicles mainly through JVs, namely Guangqi Honda, GAC Toyota, GAC Fiat and GAC Mitsubishi, and a wholly-owned subsidiary, GAMC, a subsidiary, GAC Gonow and others. As at 31 December 2013, passenger vehicle products of the Company mainly consist of more than ten series of sedans, SUV and MPV, including GAC Toyota Camry, GAC Toyota Highlander, GAC Toyota Yaris L, Guangqi Honda Accord, Guangqi Honda Crider, Guangqi Honda Odyssey, GAC Fiat viaggio, GAC Mitsubishi ASX, GAC Mitsubishi Pajero Sport, GAC Trumpchi, GAC Trumpchi GS5, GAC Gonow Aoxuan G5 and GAC Gonow Xinlang etc. The Group also participates in the production of Jazz sedans through its associated company, Honda (China).

The commercial vehicles of the Group are mainly manufactured by its subsidiaries, GAC Bus and GAC Gonow, and its JV, GAC Hino. Main products include light and heavy trucks, construction vehicles, large-to-medium-sized passenger vehicles (including new energy vehicles purely electrically powered and hybrid) and pickups.

As at 31 December 2013, production capacity of passenger vehicles and commercial vehicles of the Group together with its JVs and associated companies was 1,370,000 units.

(2) Motorcycles

The Group manufactures motorcycles mainly through Wuyang Honda. Main products include standard motorcycles, sport bikes and scooters.

For the year ended 31 December 2013, the production capacity of motorcycles of Wuyang-Honda was 1 million units.

(3) Parts and components

The Group's auto-part products include engines, gearboxes, car seats, HVAC systems, auto lamps, shock absorbers and accessories. The Group's research and development and production of engines are mainly carried out through GAC Toyota Engine, Shanghai Hino, in each of which the Group holds 30% interest and the controlling subsidiary, GAMC, that of gearboxes through HAVECO, and that of other vehicles parts and components including car seats, HVAC systems, auto lamps, automation accessories, redirectors and shock absorbers through other subsidiaries, jointly controlled companies and investees of GAC Component.

(4) Automobile-related services

The Group's business of trading, automobile finance, insurance and brokerage, automobile logistics are mainly carried out through its subsidiaries, GAC Commercial and investees thereof, Urtrust Insurance, Guang Ai Insurance and the JV, GAC-SOFINCO and the associated company Tong Fang Global (Tianjin) Logistics Co., Ltd. to provide automobile sales, automobile finance, automobile insurance, automobile leasing, logistics and import and export and other services.

After strategic and business development in recent years, the Group has established a complete production chain, centring upon manufacture of vehicles and covering research and development and parts and components in the upper stream and trading, finance, insurance, leasing and logistics of automobiles in the lower stream, and become one of the automobile groups having the most integrated production chain in China.

II. Performance of the Board

In 2013, making use of the foundation in previous capacity building and development of vehicle model and seizing the favourable moment of a rebound in the automobile market, the Group made the historical breakthrough of reaching over a million units in the sales of both automobile and motorcycles. Meanwhile, the Group gained positive results in innovating management system and mechanism, promoting the business development of proprietary brands and joint venture cooperation, continuously strengthening the synergy effect of industry chain, enhancing the capability of capital operation and improving the corporate governance structure. The overall operation of the Group has made rapid growth.

In the reporting period, the major works performed by the Board are as follows:

1. *Coordinate and seize the opportunity, making history by achieving" double million"*

   At the beginning of 2013, under the uncertainties brought by the macro economy and the Diaoyu Island Incident, the Board set the challenging goal of "double million" after extensive research and discussion. It provided a clear goal and direction for the Group in the year.

   During the year, the entire Group was united, seizing the opportunities of the less tense Sino-Japanese relations, faster transformation of partners' China strategy, rapid development of the SUV market and reform of official vehicles. Acting in accordance with the trend, the Group overcame various difficulties such as the supply of parts and compartments, the bottleneck in the early stage of releasing staff and production capacity. The sales of passenger vehicles significantly increased with measures including reasonable arrangement of production and operation, launches of new vehicle models and strengthening sales capability. The commercial vehicle segment strived to implement key projects to lower costs and raise efficiency and to promote reorganization and co-operation. The motorcycle segment overcame the continuous downturn of the market and increased costs and achieved positive growth in both production and sales compared to the corresponding period last year. While the parts and components segment vigorously implemented activities to reduce costs and secure quality, it also actively explored external markets. In the automobile service segment, business such as finance and insurance developed rapidly, motivating the collaboration among industries and securing the achievement of the goal of the year.

2. *Innovative reform, breakthrough of bottlenecks, paving the way for new achievement*

   In June 2013, the innovative reform moved forward in organizational structure, approach of control and management system and mechanism was strengthened. The functions of the Group's headquarter including strategic management risk monitoring, capital operation and human resources were strengthened. The officer management system was reformed. The flexibility and autonomy in responding to market changes of investment enterprises was enhanced.

Through innovative reform, the obstacles in the system and mechanism that affected the Group's development were further removed. The existing bottlenecks in the management system and mechanism were broken and paved the way for the Group's sustainable development and new achievements.

It was proven that a large-scale innovative change stimulated the passion of the whole group and mobilized the enthusiasm of different parties. This became a new source of motivation for the Group's development, provided the necessary foundation for the Group to achieve record-breaking results and also a secured system for future development.

3. *Grew steadily from a solid foundation, improving proprietary brand*

2013 was a fruitful year for the Group's strategy of proprietary brand. Currently, the Group has initially formed the new setup where the three series, namely Japanese, European and American and proprietary brand develop in coordination.

In the business of proprietary brand passenger vehicles, since Trumpchi's first model entered the market and gained a foothold in the market under extremely difficult conditions, its sales grew steadily and achieved export for the first time in 2013. The capacity expansion project involving 0.2 million vehicles commenced in August. After the development and contemplation, the brand of Trumpchi already had various sedans and SUV models including GA5, GS5 and GA3, with significant improvement in the product quality and performance. According to 2013 China New Vehicle IQS Report published by J.D.POWER, Trumpchi as a whole was awarded 97 points. It ranked the 15th among all automobile brands entering the Chinese market and the first among proprietary brands. Trumpchi GS5 surpassed numerous joint venture brands with 99 points, proving that its quality was comparable to outstanding joint venture brands.

In the domain of proprietary research, the GAEI Hualong base was completed and accepted in 2013. Facilities for research and development improved. The Group's proprietary research system with GAEI as its core obtained an outstanding results of 91.8 points from the State-Accredited Enterprise Technology Center, listed as the 17th among the 883 state-accredited enterprise technology centers all over the nation and the 4th in the automobile industry. GAEI was approved to become a work station for post-doctorate scientific research and fellows. The state-supported "Research on key technology supporting demonstration of energy saving and new energy vehicle in Guangzhou" passed the inspection and became the first project to have passed the inspection in the transport domain under the National Science and Technology Support Programme in the 12th five-year plan.

The capability in obtaining patent increased rapidly. Throughout the year, the proprietary brand made 270 valid patent applications, among which invention patent reached 42%. 177 patents were granted in the year. The project of the development and application of the group's intelligent vehicle electronic appliances platform was awarded the Second Prize of the 2013 China Automotive Industry Science and Technology Award.

4. *Adopted two measures to accelerate and enrich the development of product system*

For the development of new proprietary products, GAEI and GAMC had constructive interaction in research and development and production. GA3 was launched in 2013 based on the ideas of global research and development, global support and global sales and on the development of a brand new middle-class vehicle platform. At the same time, the development and introduction of new products of joint ventures had been accelerating. In 2013, Guangqi Honda Yaris L, GAC Mitsubishi Pajero Sport, Guangqi Honda Everus S1, the strategic middle-class vehicle Crider and the 9th generation of Accord were introduced. The gradual introduction of new vehicle models furthering enriched the product line up of the Group and facilitated the historical breakthrough of annual sales of the Group.

5. *Strengthened synergy effect of industry chain by collaboration*

In 2013, the Group stood tall in the modern service industry, especially with the advantage of the platform of automobile finance segment. It continuously intensified coordination and integration of resources, promoted the collaborative development of high-end service industry and advanced manufacturing industry. GAC Commercial was approved as the first pilot enterprise of domestic finance leasing in Guangzhou. The balance of loans of GAC-SOFINCO increased 103.4% as compared to the corresponding period last year. Premium income of Urtrust Insurance increased 141.95% as compared to the corresponding period last year. Guang Ai Insurance's distribution channels were further developed.

The Group's synergy effect is becoming more visible and is gradually forming a unique competitive edge.

6. Utilized advantage, optimized allocation and continued to boost capital operation capability

In the year of 2013, the Company proactively expanded its financing channels, seizing the right timing and successfully issued corporate bonds of RMB4 billion, of which RMB1 billion with maturity of 5 years and interest rate of 4.89%; RMB3 billion with maturity of 10 years and interest rate of 5.09%, lowering the costs of financing over the duration by 20%, providing security of capital for the development of all kinds of businesses. On 28 April 2013, GAC Capital was incorporated. A platform for capital operation of the Group was set up. It will subsequently seek diversified investment opportunities in the automobile industry and the related domains to promote the development of main business and achieve structural adjustment and transformation and improvement.

7. Strengthened development and management of strategic planning to prepare for difficult conditions

In 2013, the Group vigorously strengthened the management of strategic planning. The research on formulating the management method of strategic planning was initiated to improve management system and mechanism of the Group's strategic planning and to regulate the preparation, implementation and active management of the Group's strategic planning. Combining the changes in both internal and external environment in the early stage of the 12th five-year plan, the Group initiated the adjustments of goal for the 12th five-year plan. Integrated with the adjustments for the 12th five-year plan, preliminary investigation was done for the 13th five-year plan. The formulation of projects including the planning for new energy vehicles, capital operation strategy and information technology and the amendments of human resources planning for 2015 began concurrently. The planning of brand development and international strategy is currently being looked into.

8. Innovated service, regulated operation and improved corporate governance

During the reporting period, the Group continued to promote the establishment of the internal control and risk management system, reinforced the monitoring of the efficiency of key projects, and strengthened and improved the internal control and risk management system. A prevention and control mechanism sustainable in the long run with the characteristics of the Group was built.

In the reporting period, the Group made amendments to 19 control management systems including the articles of association, implementing terms of reference of the nomination committee and audit committee of the Board. 17 control management systems were also newly formulated including the management of trading of shares of the Company by directors, supervisors and senior management and the relevant changes. The above were conducted pursuant to requirements of the "Guiding Opinion on Further Improvement of the Corporate Governance of the Listed Companies within Jurisdiction" issued by the Guangdong Regulatory Authority of China Securities Regulatory Commission (Guangdong Zheng Jian [2012] No.206) and newly effective amendments to the Listing Rules. The corporate governance of the Company was further enhanced together with the innovative reform of the Group.

During the reporting period, the Group acted by the principles of strengthening implementation, coordination and improving professionalism, focusing on strengthening research and management of the Group's strategy, technology support and management, asset management and coordination of shareholders affairs. An executive committee at the operation level was formed and a procurement and logistics professional committee, manufacturing and quality professional committee, sales and services professional committee, finance and capital professional committee were formed thereunder, in order to strengthen the implementation and coordination of the Group's operation plan and various professional business segments.

During the reporting period, the Group completed the recruitment of Independent Directors on schedule according to regulatory requirements, ensuring the standard operation of corporate governance. The Group was selected as a sample stock of SSE Corporate Governance Index in the year.

9. *Cared for staff and society, fulfilled corporate social responsibility*

Adhering to its corporate philosophy of "people as foundation, integrity as principle, innovation as priority" and aiming to "build a public company with social trust", the Group actively supported social welfare activities such as sports, cultural education, environmental protection and charity works. Similarly, it continued to enhance product and service quality in performance of its social responsibility. In 2013, the aggregate amount spent on social welfare by the Group and its investment enterprises was approximately RMB60.38 million.

For staff care, the Group implemented the "Happy GAC in your company" EAP staff assistance scheme to maintain the mental health of staff through seminars, counselor training, promotional mail, mobile messages and consultation hotlines. Seminars were held with the themes such as "You can handle stress – creating a happy workplace" and "Maintaining work-life balance" concerning the work and life of staff. The Group and respective investment enterprises also organized different cultural and sports activities or established staff relief funds for staff assistance and relief and regular visits. A mechanism for feedback from staff was established to collect and resolve problems that concern staff in order to create a pleasant working environment.

During the year, the Group and respective investment enterprises actively participated in the relief of earthquake in Sichuan Ya'an, Giving a Helping Hand Day Guangdong 2013 and first charity projects introduction with the theme "Holding hands, cohesion, care, sharing". The Group also gave back to the society by conducting social welfare activities including preservation of cultural heritage, education and assistance, tree planting and forestation and safe driving.

The Group was awarded the Bronze Cup of Guangdong Poverty Relief Red Cotton Cup. Guangqi Honda, a major investment enterprise of the Group, was awarded "Most Respected Enterprise 2012-2013" by Economic Observer and "2013 Most Social Responsible Corporate" by Xinhua net and the financial sector. GAC Toyota also received awards such as "2013 Social Welfare Contribution of China Automobile Enterprise Gold Award" from Nanfang Daily Media Group and "China CSR Outstanding Company Award" from China Business News.

III. Discussion and analysis by the Board on operation of the Company during the reporting period

During the reporting period, sales revenue of the Group amounted to approximately RMB18,824 million, representing an increase of approximately 45.21% as compared to the corresponding period last year; net profit attributable to owners of the parent company amounted to approximately RMB2,653 million, representing an increase of approximately 133.95%. Earnings per share amounted to approximately RMB0.41, representing an increase of approximately 127.78% compared to the corresponding period last year.

The major factors of variations of results during the reporting period included: 1. the overall good performance of automobile industry in China and the gradual introduction of new vehicle models of the Group during the year, which promoted the significant increase in the sales volume of the SUV model Trumpchi GS5, and restore of growth in the sales of major joint ventures; 2. strengthened synergy of supporting services and industry, which promoted the development of parts and components, automobile finance, insurance and trading.

(1) ANALYSIS ON PRINCIPAL BUSINESS

1. Analysis of changes for the related items in the consolidated statements of comprehensive income and consolidated cash flow statements

Unit: RMB100 million

Item	Current period	Corresponding period last year	Change (%)
Revenue	188.24	129.64	45.21
Cost of sales	168.30	122.74	37.12
Selling and distribution costs	10.71	8.15	31.41
Administrative expenses	17.13	13.33	28.51
Finance costs	6.45	5.29	21.93
Interest income	4.76	3.36	41.67
Share of profit of joint ventures and associates	40.20	26.37	52.45
Net cash flow generated from operating activities	5.48	4.85	12.99
Net cash flow generated from investing activities	7.08	23.29	-69.60
Net cash flow generated from financing activities	35.12	-17.49	300.80

2. Revenue

During the reporting period, the revenue of the Group amounted to RMB18,824 million, representing an increase of approximately 45.21% compared with the corresponding period last year, mainly due to the persistent improvement of quality of the SUV model GS5 since it was officially launched, increasingly growing sales and service network, it had significant growth in sales in 2013 compared with the corresponding period last year.

Sales to major customers

Unit: RMB100 million

Customers	Sales revenue	Ratio to sales revenue (%)
Total sales to top 5 clients	13.57	7.21

3. Cost of sales and gross profit

(1) Cost of sales and gross profit

During the reporting period, the cost of sales of the Group amounted to approximately RMB16,830 million, representing an increase of approximately RMB4,556 million from RMB12,274 million last year; total gross profit amounted to approximately RMB1,994 million, representing an increase of approximately RMB1,304 million from RMB 690 million last year.

Gross profit margin increased by 5.27% from 5.32% of last year to 10.59% of this year, mainly due to: a. significant increase in sales of medium to high end passenger vehicle which brought a higher marginal profit to the Group; b. lowered unit cost brought by measures such as prudent business policy, reduction in purchasing cost and strengthening internal management; c. due to the economies of scale of fixed cost expenditure, the growth rate of unit cost was lower than that of sales revenue.

(2) Major suppliers

Unit: RMB100 million

Suppliers	Amount of procurement	Ratio to total procurement (%)
Total procurement from the top 5 suppliers	50.64	27.98

4. Expenditures

(1) Selling and distribution costs increased by approximately RMB256 million compared with the corresponding period last year, mainly due to an increase in marketing expenses, logistics expenses and after-sales service expenses corresponding to the increase in sales volume;

(2) Administrative expenses increased by approximately RMB380 million compared with the corresponding period last year, mainly due to the increase in research and development costs and depreciation and amortisation;

(3) Finance costs increased by approximately RMB116 million compared with the corresponding period last year, mainly due to the issue of corporate bonds of the Group during the reporting period resulting in an increase in finance expenses;

(4) Interest income increased by approximately RMB140 million compared with the corresponding period last year, mainly due to the increase of bank deposits of the Group during the reporting period resulting in an increase of interest income.

5. Share of profit of joint ventures and associates

During the reporting period, share of profit and joint ventures and associated companies amounted to approximately RMB4,020 million, representing an increase of approximately RMB1,383 million as compared with the corresponding period last year, mainly as a result of the combined effect of the following factors: a. the overall performance of automobile industry in China was positive in the year and new vehicle models were gradually launched by the Group. The results of major joint ventures have significantly grown compared to last year; b. with the increase in sales volume of vehicles, parts, automobile finance and trading services of upper-stream and lower-stream of the industry also developed rapidly; c. the production capacity of the joint ventures that were at their start-up stage had not been adequately utilized and efficiency would take time to achieve.

6. Research and development expenditure

(1) Amounts of research and development expenditure

Unit: RMB100 million

Current period expensed research and development expenditure	2.63
Current period capitalised research and development expenditure	7.24
Total research and development expenditure	9.87
Total research and development expenditure to net assets (%)	2.90
Total research and development expenditure to sales revenue (%)	5.24

7. Cash flow

(1) During the reporting period, net cash inflow generated from operating activities amounted to approximately RMB548 million, representing an increased inflow by approximately RMB63 million as compared with net cash inflow of approximately RMB485 million of the corresponding period last year, mainly due to the combined effect of increased production and sales in the reporting period which led to an increase in sales receivables, addition in employee benefit expenses and the increase in the payment of trade payables which had not been paid last year during the period;

(2) During the reporting period, net cash inflow generated from investing activities amounted to approximately RMB708 million, representing a decreased inflow of approximately RMB1,621 million as compared with net cash inflow of approximately RMB2,329 million of the corresponding period last year, mainly due to the combined effect of the decrease in purchase of long-term assets including fixed assets, the decrease in dividends from investee companies and the decrease in fixed deposits which lowered the inflow during the reporting period as compared with the corresponding period last year;

(3) During the reporting period, net cash inflow generated from financing activities amounted to approximately RMB3,512 million, representing an increased inflow of approximately RMB5,261 million as compared with net cash outflow of approximately RMB1,749 million of the corresponding period last year, mainly due to the issue of RMB4,000 million corporate bonds and decrease in payment of cash dividend in the reporting period;

As at 31 December 2013, cash and cash equivalent of the Group amounted to approximately RMB14,083 million, representing an increase of approximately RMB4,767 million as compared with approximately RMB9,316 million as at 31 December 2012.

8. Others

(1) Income tax amounted to approximately RMB101 million, representing an increase of approximately RMB166 million as compared with the corresponding period last year, mainly due to the increase in profit of subsidiaries in the period.

(2) Earnings per share amounted to approximately RMB0.41, representing an increase of approximately 127.78% as compared with approximately RMB0.18 of the corresponding period last year, mainly because the Group's net profit attributable to the parent company was approximately RMB2,653 million, representing an increase by 133.95% as compared with the corresponding period last year.

(2) ANALYSIS ON INDUSTRY, PRODUCTS OR REGIONAL OPERATION

1. Principal businesses by industry and by product

Unit: RMB100 million

Industry	Revenue	Cost of sales	Gross profit margin (%)	Change in revenue as compared with last year (%)	Change in cost of sales as compared with last year (%)	Change in gross profit margin as compared with last year (%)
Automobile and relevant businesses	181.24	163.05	10.04	42.56	35.52	4.67
Others	7.00	5.25	25.00	178.88	116.94	21.41
Total	188.24	168.30	10.59	45.21	37.12	5.27

2. Principal businesses by region

Unit: RMB100 million

Region	Revenue	Change in revenue as compared with last year (%)
Mainland China	188.22	45.21
Hong Kong	0.02	0.00
Total	188.24	45.21

(3) ANALYSIS ON ASSETS AND LIABILITIES

1. Table of assets and liabilities analysis

Unit: RMB100 million

Item	Balance at the end of the year	Amount at the end of the year to total assets (%)	Amount at the end of previous year	Amount at the end of previous year to total assets (%)	Change (%)
Inventories	20.36	3.52	13.97	2.83	45.74
Trade and other receivables	47.25	8.17	33.03	6.68	43.05
Cash and cash equivalents	140.83	24.35	93.16	18.85	51.17
Borrowings	141.72	24.50	102.91	20.82	37.71
Government grants	7.94	1.37	5.08	1.03	56.30
Trade and other payables	86.41	14.94	63.94	12.93	35.14

2. Explanation on the changes

(1) Inventories: Inventories increased mainly due to the corresponding increase in production and sales volume in the reporting period;

(2) Trade and other receivables: correspondingly increased mainly due to the growth in business in the reporting period;

(3) Cash and cash equivalents: mainly due to reasonable arrangements of capital according to different expenditure projects in the reporting period;

(4) Borrowings: mainly due to the issue of corporate bonds with a nominal value of RMB4 billion in the reporting period;

(5) Government grants: mainly due to the increase in government grants related to assets to subsidiaries from local government in the reporting period;

(6) Trade and other payables: correspondingly increased mainly due to the business growth in the reporting period.

(4) ANALYSIS ON FINANCIAL POSITION

1. Financial indicators

As at 31 December 2013, the Group's current ratio was approximately 1.47 times, representing a decrease from approximately 2.25 times as at 31 December 2012; quick ratio was approximately 1.30 times, representing a decrease from approximately 2.01 times as at 31 December 2012, mainly because mid-term notes with a nominal value of RMB 6,700 million which will mature in April 2014 was reclassified into current liabilities from non-current liabilities in the reporting period.

2. Financial resources and capital structure

As at 31 December 2013, the Group's current assets amounted to approximately RMB26,514 million, current liabilities amounted to approximately RMB18,059 million and current ratio was approximately 1.47 times. As at 31 December 2013, the Group's total borrowings amounted to approximately RMB14,172 million, mainly consisted of mid-term notes issued by the Group with nominal value of RMB6,700 million, corporate bonds with nominal value of RMB4,000 million, corporate bonds with nominal value of RMB600 million and loans from bank and financial institutions amounting to approximately RMB2,922 million, which resulted in a gearing ratio of approximately 29.35%. The above loans and bonds will be payable upon maturity. The Group generally funded its business and operational capital needs with its own working capital. (Calculation of gearing ratio: (borrowings in non-current liabilities + borrowings in current liabilities)/(total equity + borrowings in non-current liabilities + borrowings in current liabilities))

3. Foreign exchange risk

As the Group mainly conducted its business in the PRC and the sales and purchases of the Group in the PRC are denominated in RMB. The Group's operating results and cash flow were not exposed to any significant foreign currency risk during the reporting period.

4. Contingent liabilities

As at 31 December 2013, third-party guarantee committed by the Group amounted to RMB3,966,667, whereas that as at 31 December 2012 was RMB7,366,667; as at 31 December 2013, financial guarantee of the Company for its subsidiaries was RMB0, whereas that as at 31 December 2012 was RMB0.

(5) ANALYSIS ON CORE COMPETITIVENESS

In the reporting period, there was no significant change in the core competitiveness of the Group. The core competitiveness of the Group is mainly reflected in possessing a complete production chain, advanced management and technology and two capital operation platforms of A shares and H shares. The detailed analysis is as follows:

1. Complete production chain and well-structured strategic development

After years of internal resource integration and industry reorganization, the Group has established a complete production chain centring upon manufacturing of vehicles and covering research and development and parts and components in the upstream and trading, finance, insurance, leasing and logistics of automobiles in the lower stream. With its strategic development in the industry being rooted in South China and expanding to Northern China, Central China, Eastern China and Bohai Rim, the Group became one of the automobile group with the most complete production chain and the most optimized strategic development in China. The synergy effect of the upper stream and the lower stream of the production chain is gradually utilized and new profit growth points gradually evolved. The consolidated competitiveness of the Group continues to strengthen.

2. Advanced manufacturing, workmanship, quality and process management

Amid intensified market competition and years of joint venture cooperation, the Group accumulated abundant experience in production management and quality control techniques and established modernized process management systems and production operation mechanisms. The Group has comprehensive competitive advantages over aspects such as manufacture, workmanship, quality and process management, which mainly included: (1) quality came first, it kept its promise of "integrity as principle" and gave zero tolerance to defects, with the Group's management and quality achieved an advanced level both internationally and domestically; (2) people as foundation, it encouraged all staff to give suggestion to management and production and continuously improved work flow and process through various methods including improving suggestions, quality control, comprehensive quality management and technical innovation to enhance its operational efficiency and competitiveness; (3) cost control, the purchase of raw materials, parts and components and accessories is maintained at a high localization rate, securing high quality standards while gaining cost competitiveness and raising facility utilization and operation efficiency through a flexible production line setting and strict storage management; (4) continued innovation, it applied the philosophy of "innovation as priority" in operational stages of research, production and sales and sought innovation and breakthrough in techniques, operating efficiency and environmental-friendliness and energy saving to achieve green operation and harmonic development.

3. Continuous enrichment of the passenger vehicle product line

The passenger vehicle segment is one of the major sources of revenue and profit for the Group. The number of core passenger vehicle business enterprises under the Group continues to grow. It now consists of GAMC, GAC Gonow, and the joint ventures including Guangqi Honda, GAC Toyota, GAC Fiat and GAC Mitsubishi, with various products including different class of sedans, SUV and MPV. In recent years, these investment enterprises kept on introducing upgraded version and new generations of existing products and new products to enrich their product lines according to changes in the market and consumers' needs. This will benefit the Company in maintaining a widely-recognized brand awareness and higher customer loyalty under keen competition, setting a good foundation for the long-term and steady development of the enterprises.

4. A and H double capital operation platform

The Group is the first large state-owned automobile group that has achieved complete listing of A and H shares. With two capital operation platforms, the Group can appreciate its capital through combination of various channels and expand and snowball through capital operation to maximize capital return.

IV. DISCUSSION AND ANALYSIS BY THE BOARD ON FUTURE DEVELOPMENT OF THE COMPANY

(1) Industrial competition and development trend

1. Competition in the industry

Being the largest automobile market, China has an important strategic position for multinational automobile enterprises. To further develop their business in China, various international automobile enterprises are accelerating introduction of strategic models into joint ventures, launching proprietary brands, increasing localization, testing the lower bound of price range, paying more attention to low-emission vehicles, accelerating sales and import of high-end models and increasing investment in research and development of new energy vehicles to expand market share. In 2013, in the sales volume in China's passenger vehicle market, German, Japanese, American, Korean and French passenger vehicles took up 18.81%, 16.35%, 12.39%, 8.80% and 3.08% respectively.

The passenger vehicles of proprietary brands in China still face tough challenges. Major automobile manufacturers in China endeavored to expand their production capacity and launching new products, thereby increasing their technological innovation and cost control ability. In future, automobile enterprises will face greater challenges in aspects including technology, quality and quantity, service, price, equipment and design. In 2013, passenger vehicles of proprietary brands accounted for 40.28% of sales, representing a drop of 1.57% compared to the previous year.

The concentration of China's automobile industry further increased. In 2013, China's production and sales of automobile reached an encouraging height after experiencing slight increase for two consecutive years. According to the statistics of industry association, the top 10 automobile corporation accounted for a total sale of 19,430,600 vehicles in 2013. The total market share reached 88.38%, representing an increase of 1.4%. The automobile market in China still has a lot to expect from as the accelerated urbanization reform in China and the peak for changing vehicles are gradually approaching.

2. *Development trend of the automobile industry*

First, the conditions for more rapid growth of the automobile industry still remain. The inelastic demand for automobile is a long-term one; The plans of doubling gross domestic product and income of urban and rural residents proposed in the 18th National Congress and the acceleration of urbanization reform will continue to promote automobile consumption and improvement in consumption.

Besides, the development of proprietary brands receives unprecedented attention and has significant impact on consumption. The coming period may be an opportune moment for the development of proprietary brands. Innovation-driven and independent development will become the trend in the automobile industry in the near future.

Thirdly, China's automobile enterprises speed up in overseas expansion, and strategic development in overseas markets is accelerated.

Fourthly, vehicle intelligence technologies such as efficient power train, lighter models, new energy and intelligent driver assistance and safety shall become the research and development trend of automobile techniques.

Fifthly, exploring after-sale automobile market and innovative sales mode, etc. shall lead the development direction of the automobile service industry.

(2) Development strategy of the Company

The Group aims to become a large-scale market-oriented leading international and the most trusted public company.

Therefore, the Group will realize the transition from a production base to an industry base, the transition of asset operation to capital operation and the transition from production operation to brand operation mainly depending on the capability of various business segments, securing human resources, brand and corporate culture, innovation system, capital operation and strategic research. During the period, emphasis will be given to enhancing joint venture cooperation and innovation of proprietary brands, optimizing the industrial structure and layout, enriching product line and facilitating the collaborative development of business in the Group's industry chain in order to achieve strategic goals.

(3) Operational plan

In 2014, the Group will continue to deepen its innovative reform. It will speed up the structural adjustment and industry improvement and firmly enhance the quality of economic operation and operation efficiency; deepen the capability in independent research and development and build up industrial system, firmly maintain both independent development and joint operation, further enhancing the enterprise's core competitiveness; accelerate the construction of key projects; optimize the allocation and sharing of resources, prepare the foundation for development, striving to achieve the goal of about 25% growth in vehicle sales compared to last year.

The major measures of operations are:

1. Strengthen development planning and vitality. Reinforce benchmarking management, with a focus on raising profitability and overall competitiveness of the Group.

2. Further motivate innovation, speed up and scale up the development of proprietary brand business. Improve the building of the Group's independent innovative system, achieving effective synergy of the Group's research and development resources to prompt the faster development of the independent business of passenger vehicles.

3. Accelerate the development of value-adding business and strengthen the automobile finance segment. Stand tall in the modern service industry, especially with the advantage of the platform of automobile finance segment, to accelerate the development of value-adding business and improve the value chain of automobile finance. Further highlight the characteristics of a comprehensive industry chain and complete strategy of high-end service industry, forming unique core competitiveness.

4. Enhance the level of capital operation and magnify the function and effect of capital. Using capital operation platforms such as the company listed in A+H shares and GAC Capital to continuously reinforce the capital operation capability and increase the economic efficiency of the Group.

5. Deepen the synergy of operation and enhance the advantage of core competitiveness. Strengthen the overall strategy and resources sharing between projects such as vehicles and vehicles, vehicles and parts and components, vehicle and automobile after market, build up synergy and a shared system and mechanism.

6. Deepen innovative reform and promote enhancement in management. Continue to reinforce and perfect the control and the service coordination function of the Group, implement information management in the Group, achieve procedural, institutional, systematic, standardized and information management; promote innovative reform in areas such as talent management mechanism, system, operation, management and technology of the Group.

(4) Potential risks

1. Risks of the industry

(1) Risk of fluctuation in macro economy

The overall automobile industry significantly depends on level of development of the national economy, where changes in the macro economy and economic growth rate would directly stimulate or suppress consumption in automobile. Moreover, due to globalization of economy, the automobile industry depends on international macro environment and circumstances the same way. In recent years, sustained growth in China's economic scale, steady growth in citizen's disposable income, prompt economic policies promulgated by the Chinese government and relatively favourable international circumstances resulted in an overall growth trend in demand of China's automobile industry. However, with slower macroeconomic growth, the demand for China's automobile industry is currently gradually slowing down. In future, such demand will continue to be influenced by China's macroeconomic policies, industrial structural adjustments and international circumstances. The Group will pay close attention to changes of the macro environment and strengthen research on the automobile market and the needs of consumers to mitigate the impact of changes in the macro environment on the Group as much as possible.

(2) Risks of industrial competition and rapid growth in China's vehicle production capacity

China's automobile industry showed an overall growth trend in the past 10 years. Since 2009, China has become the top in the world in terms of automobile sales. In light of the expanding automobile market, manufacturers are all expanding their production capacity. The competition between joint ventures and local companies, international brands and proprietary brands, among vehicles with similar emission volume and new and old models is relatively intense. The Company is exposed to the risk of intense competition in China's automobile industry.

(3) Impact of new energy vehicle products and technological research on conventional vehicle products and risks of technological development

Under shortage of energy and higher awareness of energy saving and environmental protection, new energy vehicles are the direction of future automobile technological innovation and consumption in conventional vehicles will be suppressed and hindered to a certain extent. Although the Company is currently committed to development and industrialization of new energy vehicles, technology in such aspect is not mature enough to completely replace conventional fuel vehicles, and there is uncertainty in its prospects and direction.

2. Operational risks

(1) Risks of fluctuation in price of major raw materials

Major raw materials of car manufacture includes steel, aluminum, rubber, plastics and paints, thinners and other chemical products, and those of manufacturing automobile parts and components includes metallic components, chemical components and electronic devices. In manufacturing passenger and commercial vehicles and products such as engines and parts and components, the Group has to purchase a large amount of raw materials from upstream companies. If bulk raw material price is volatile, the production cost of those companies will significantly increase. They may raise their prices, which may have impact on profit of the Company if the prices rise abruptly to an overly high level, despite the fact that the Group may offset the rise through measures such as launching new products, resetting its product prices, passing the cost, optimizing work flow and reducing consumption.

(2) Risks of continuous ability to launch popular products

The continuous ability to launch popular products directly affects product sales and operating results of the Group. The Company must continue to improve existing products and develop and introduce new products promptly based on market demand in order to consolidate its market position and gain market share in targeted sub-markets. There is no warrant that the Company can continue to develop and produce competitive products by virtue of its existing technology research and development, raw material supply and production capability. Furthermore, it takes substantial initial investment to launch new products, which, if unsuccessful in gaining market acceptance, may have an impact on expected investment gain of the Group.

(3) Risks of change in Sino-Japanese relationship to product sales of joint ventures of the Group

The Group has established joint ventures and associated enterprises with renowned Japanese automobile enterprises including Honda, Toyota, Hino and Mitsubishi for a closer cooperation. Among which, the two joint ventures of Guangqi Honda and GAC Toyota have made greater contribution to the sales of vehicles and net profit of the Group. If there are unfavourable changes in the Sino-Japanese relations in the future, it may bring certain impact on the Group's operating results. The Group, in accordance with the Chinese government's policy of automobile industry development and its own proprietary brand developing strategy, commenced development and establishment of proprietary brands before 2010 which is bearing fruit. After the Diaoyu Island incident in 2012, the Group further strengthened production and sales arrangements with non-Japanese joint ventures such as GAMC, GAC Gonow and GAC Fiat and technological cooperation with non-Japanese syndicates to accelerate development of proprietary brands and to lower its dependence on Japanese products.

3. Risks of policies

(1) Risks of product recall and quality

In recent years, China has been stricter to the automobile industry in product quality and quantity regulations and technical standards. The Ordinance for the Administration of the Recall of Defective Automotive Products came into effect on 1 January 2013. The Ordinance amends and supplements the Regulations for the Administration of the Recall of Defective Automotive Products and requires automobile manufacturers to offer repair services and recall. The Provisions on the Liability for the Repair, Replacement and Return of Household Automotive Products came into effect on 1 October 2013, which clearly provides the liability of repair, exchange and return of household automotive products. If products of the Group are recalled or have other quality issues, sales and results of the Company may be affected.

(2) Risks of increased corporate cost due to higher safety standards

Safety standards of the automobile industry mainly include those related to car collision safety. In recent years, China has been stricter on regulations in relation to safety standards of the automobile industry and technical standards, and successively promulgated regulations including Side Impact Protection for Automotive Passengers (《汽車側面碰撞的乘員保護》) and Collision Safety Requirements for Fuel System of Passenger Car (《乘用車後碰撞燃油系統安全要求》). If regulatory authorities promulgate stricter safety standards of the automobile industry and technical standards in future, it may increase production cost and expenses of automobile manufacturers and thus affect the operating results of the Company.

(3) Risks of increased corporate cost due to stricter environmental and energy saving standards

As the fog and haze resulted from air pollution become more and more frequent, the environmental awareness of the society as a whole is growing stronger. Environmental problem has substantively undermined the quality of citizens' lives. Therefore, the government may promulgate more stringent environmental and energy saving policies to fulfill its goal of energy saving and consumption and emission reduction. This may increase research and productions cost of the Group and thus affect the operating results of the Company.

(4) Risks of amendments to vehicle consumption policies

Being a pillar industry in the national economy, the automobile industry has a strategic position in China's economic development. Under the backdrop of increasing internal demand and encouraging consumption, the automobile industry has a long industry chain and apparent impact in boosting the economy. However, with increasing traffic pressure in urban areas, certain municipalities put into place policies regulating the number of vehicles, which may negatively affect local consumption in automobile. If there is over-investment in automobile industry or automobile consumption causes increased environmental pollution and worsening of urban traffic congestion, the government may further amend vehicle consumption policies, which may have significant impact on automobile manufacture and consumption market.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

The Company has not redeemed any of its listed securities during the year. Neither the Company nor any of its subsidiaries has purchased or sold any of the listed securities of the Company during the year.

CORPORATE GOVERNANCE

During the year, the Company was in compliance with Corporate Governance Code as set out in Appendix 14 to the Listing Rules and actively complied with the recommended best practices.

AUDIT COMMITTEE

The audit committee of the Company comprised three independent non-executive directors, namely Mr. Leung Lincheong (Chairman), Mr. Li Fangjin and Mr. Wang Susheng. Their main responsibilities include supervising annual audit and internal audit system, financial information and disclosure thereof of the Company. The audit committee has mainly reviewed the quarterly, interim and final results and internal control system. The audit committee has also reviewed the results and financial statements of the Group for the year ended 31 December 2013.

DIVIDEND

The Board recommended the payment of a final dividend for the year ended 31 December 2013 of RMB0.10 per share (Total for 2012: RMB0.02 per share).

The proposed final dividend for the year is subject to the approval by the shareholders of the Company at the forthcoming annual general meeting. Details of the annual general meeting, the arrangement for closure of register of members and dividend payment date will be announced later.

DEFINITION

In this announcement, unless the context otherwise requires, all terms used shall have the following meaning:

"associated companies"	all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights of such entities
"Board"	the board of directors of the Company
"China Lounge Investments"	China Lounge Investments Limited (中隆投資有限公司), a company incorporated in Hong Kong
"Company" or "GAC"	Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司)
"Company Law"	Company Law of the PRC
"CSRC"	China Securities Regulatory Commission
"Denway Motors"	Denway Motors Limited (駿威汽車有限公司), a wholly-owned subsidiary of the Company incorporated on 23 June 1992 in Hong Kong
"GAC Bus"	Guangzhou Automobile Group Autobus Co., Ltd (廣州汽車集團客車有限公司) (formerly known as Guangzhou Denway Bus Co., Ltd (廣州駿威客車有限公司)), a wholly-owned subsidiary incorporated on 18 January 1993 under PRC law by the Group
"GAC Capital"	GAC Capital Co., Ltd (廣汽資本有限公司), a wholly-owned subsidiary incorporated in April 2013 under PRC law by the Company
"GAC Changfeng"	GAC Changfeng Motor Co., Ltd. (廣汽長豐汽車股份有限公司) (formerly known as Hunan Changfeng Motor Co. Ltd. (湖南長豐汽車製造股份有限公司)), a company incorporated in November 1996 under PRC law, in which the Company currently holds 100% equity interest
"GAC Commercial"	Guangzhou Automobile Group Business Co., Ltd (廣州汽車集團商貿有限公司), a wholly-owned subsidiary incorporated on 21 March 2000 under PRC law by the Group
"GAC Component"	Guangzhou Automobile Group Component Co., Ltd. (廣州汽車集團零部件有限公司), wholly-owned subsidiary incorporated on 29 August 2000 under PRC law and jointly funded by the Group and its subsidiary

"GAC Fiat"	GAC FIAT Automobiles Co., Ltd. (廣汽菲亞特汽車有限公司), a JV incorporated on 9 March 2010 under PRC law by the Company and Fiat Group Automobiles S.P.A.
"GAC Gonow"	GAC Gonow Automobile Co., Ltd (廣州吉奧汽車有限公司), a subsidiary incorporated on 8 December 2010 under PRC law, in which the Company holds 51% of its equity interest
"GAC Hino"	GAC Hino Motors Co., Ltd. (廣汽日野汽車有限公司), a JV incorporated on 28 November 2007 under PRC law by the Company and Hino
"GAC Mitsubishi"	GAC Mitsubishi Motor Co., Ltd. (廣汽三菱汽車有限公司), a JV incorporated on 25 September 2012 under PRC law by the Company and Mitsubishi
"GAC-SOFINCO"	Automobile Finance Co., Ltd. (廣汽滙理汽車金融有限公司), a JV incorporated on 25 May 2010 under PRC law by the Company and Société de Financement Industriel et Commercial (SOFINCO)
"GAC Toyota"	GAC Toyota Motor Co. Ltd (廣汽豐田汽車有限公司) (formerly known as Guangzhou Toyota Motor Co. Ltd (廣州豐田汽車有限公司)), a JV incorporated on 1 September 2004 under PRC law by the Company and Toyota
"GAC Toyota Engine"	GAC Toyota Engine Co., Ltd. (廣汽豐田發動機有限公司), an associated company incorporated on 24 February 2004 under PRC law by the Group and Honda, in which the Company holds 30% equity interest
"GAEI"	Guangzhou Automobile Group Company Automotive Engineering Institute, a subsidiary of the Company, established on 29 June 2006 for the purpose of conducting research and development of the products and technologies in which the Company has proprietary right
"GAIG"	Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), a state-owned enterprise incorporated on 18 October 2000 under PRC law, a controlling shareholder of the Company
"GAMC"	Guangzhou Automobile Group Motor Co. Ltd. (廣州汽車集團乘用車有限公司), a wholly-owned subsidiary incorporated on 21 July 2008 under PRC law by the Group
"Group"	the Company and its subsidiaries

"Guang Ai Insurance"	Guangzhou Guang Ai Insurance Brokers Limited (廣州廣愛保險經紀有限公司), a holding company incorporated on 7 June 2006 under PRC law, in which the Company directly and indirectly holds 75.1% equity interest in aggregate
"Guangqi Honda"	Guangqi Honda Automobile Co., Ltd. (廣汽本田汽車有限公司) (formerly known as Guangzhou Honda Automobile Co. Ltd (廣州本田汽車有限公司)), a JV incorporated on 13 May 1998 under PRC law by the Company and Honda
"HAVECO"	Hangzhou HAVECO Automotive Transmission Co., Ltd. (杭州依維柯汽車變速器有限公司), an associated company incorporated on 26 September 1996 under PRC Law, which is a sino-foreign joint venture equally held by Hangzhou Advance Gearbox Group Co., Ltd., GAC Components and IVECO Ltd
"Honda (China)"	Honda Automobile (China) Co., Ltd. (本田汽車(中國)有限公司), a joint venture incorporated on 8 September 2003 under PRC law by the Company, Honda Motor Co., Ltd. and Dongfeng Motor Corporation
"Independent Director"	independent director under the Listing Rules of SSE and the Articles of Association, and independent non-executive director under the Listing Rules of the Stock Exchange
"Joint venture" or "JV"	a joint venture company which is subject to direct or indirect joint control (shareholding ratio: 50%:50%), such that none of the participating parties has unilateral control over the economic activity of the joint venture
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited and the Rules Governing the Listing of Shares on the SSE, as amended from time to time
"Mitsubishi"	Mitsubishi Motors Corporation, a company incorporated in Japan
"MPV"	multi-purpose passenger vehicle
"PRC" or "China"	the People's Republic of China
"SFO"	the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong)

“Shanghai Hino”	Shanghai Hino Engine Co., Ltd. (上海日野發動機有限公司), a company incorporated on 8 October 2003 under PRC law. Shanghai Hino was held as to 50% by Hino, 30% by the Company and 20% by Shanghai Electric (Group) Corporation
“SSE”	the Shanghai Stock Exchange
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“SUV”	sports utility vehicle
“Toyota”	Toyota Motor Company, a company incorporated in Japan, being our Company’s joint venture partner in GAC Toyota
“Urtrust Insurance”	Urtrust Insurance Co., Ltd (眾誠汽車保險股份有限公司), a subsidiary incorporated on 8 June 2011 under PRC law by the Company, and in which the Group holds 60% equity interest
“Wuyang-Honda”	Wuyang-Honda Motors (Guangzhou) Co., Ltd., a joint venture and JV jointly established in 1992 by the Company, Honda and Honda, Technology & Research Industry (China) Investment Co., Ltd., in which the Company holds 50% equity interest

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

Guangzhou, the PRC, 26 March 2014

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 LIU Huilian, WEI Xiaoqin, LI Tun, LI Pingyi and DING Hongxiang and the independent non-executive directors of the Company are FU Yuwu, LAN Hailin, LI Fangjin, LEUNG Lincheong and WANG Susheng.