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)

2015 ANNUAL RESULTS ANNOUNCEMENT

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2015 together with the comparative figures of the corresponding period ended 31 December 2014. The result has been reviewed by the Audit Committee of the Company and the Board.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December **2015** ***RMB'000***	 2014 *RMB'000* (Restated)
Revenue	*3*	**29,418,223**	22,383,424
Cost of sales		**(25,974,620)**	(19,831,167)
Gross profit		**3,443,603**	2,552,257
Selling and distribution costs		**(1,866,537)**	(1,841,370)
Administrative expenses		**(2,037,088)**	(1,882,183)
Interest income		**411,556**	317,678
Other gains - net	*4*	**435,386**	362,765
Operating profit/(loss)		**386,920**	(490,853)
Finance costs	*5*	**(849,396)**	(745,415)
Interest income		**127,955**	120,960
Share of profit of joint ventures and associates	*6*	**4,720,117**	4,181,213
Profit before income tax		**4,385,596**	3,065,905
Income tax expense	*7*	**(400,067)**	(130,587)
Profit for the year		**3,985,529**	2,935,318
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		**52,189**	11,293
Total comprehensive income for the year		**4,037,718**	2,946,611
Profit/(loss) attributable to:			
Equity holders of the Company		**4,211,553**	3,194,160
Non-controlling interests		**(226,024)**	(258,842)
		3,985,529	2,935,318
Total comprehensive income/(loss) attributable to:			
Equity holders of the Company		**4,266,093**	3,202,143
Non-controlling interests		**(228,375)**	(255,532)
		4,037,718	2,946,611
Earnings per share attributable to equity holders of the Company (expressed in RMB per share)			
– basic	*8*	**0.65**	0.50
– diluted	*8*	**0.65**	0.50

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December **2015** ***RMB'000***	2014 *RMB'000* (Restated)
ASSETS			
Non-current assets			
Land use rights		**1,819,702**	1,501,392
Property, plant and equipment		**10,581,208**	8,543,812
Investment properties		**343,958**	369,421
Intangible assets		**4,826,902**	4,045,539
Investments in joint ventures and associates	*6*	**18,478,158**	18,692,856
Deferred income tax assets		**440,538**	481,502
Available-for-sale financial assets		**2,035,344**	899,626
Held-to-maturity investments		**79,854**	79,639
Prepayments and long-term receivables		**620,125**	867,501
		39,225,789	35,481,288
Current assets			
Inventories		**1,926,988**	2,660,569
Trade and other receivables	*10*	**8,726,885**	5,516,162
Available-for-sale financial assets		**245,482**	227,950
Held-to-maturity investments		**40,000**	110,000
Financial assets at fair value through profit or loss		**486,531**	–
Time deposits		**4,086,517**	7,422,367
Restricted cash		**837,094**	674,180
Cash and cash equivalents		**11,548,480**	10,274,285
		27,897,977	26,885,513
Non-current assets held for sale		**95,922**	95,922
		27,993,899	26,981,435
Total assets		**67,219,688**	62,462,723
EQUITY			
Equity attributable to the equity holders of the Company			
Share capital		**6,435,019**	6,435,019
Other reserves		**11,321,467**	10,919,625
Retained earnings		**20,890,023**	18,098,547
		38,646,509	35,453,191
Non-controlling interests		**844,811**	795,956
Total equity		**39,491,320**	36,249,147

	Note	As at 31 December 2015 RMB'000	2014 RMB'000 (Restated)
LIABILITIES			
Non-current liabilities			
Trade and other payables	*11*	**74,331**	1,151
Borrowings		**7,648,901**	4,769,367
Deferred income tax liabilities		**41,607**	34,882
Provisions		**230,813**	186,256
Government grants		**1,076,795**	989,817
		9,072,447	5,981,473
Current liabilities			
Trade and other payables	*11*	**14,076,709**	10,650,588
Borrowings		**4,278,721**	9,540,517
Current income tax liabilities		**300,491**	40,998
		18,655,921	20,232,103
Total liabilities		**27,728,368**	26,213,576
Total equity and liabilities		**67,219,688**	62,462,723

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 automotive 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 ordinary shares denominated in RMB 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.

2. BASIS OF PREPARATION POLICIES

The consolidated financial statements of the Group have been prepared in accordance with all applicable 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 2015:

Standards/Interpretation	Subject of amendment	Effective for accounting periods beginning on or after
Amendment to HKAS 19	Defined benefit plans: contributions from employees or third parties to defined benefit plans	1 January 2015
Annual improvements 2012	Amendments from annual improvements to HKFRSs - 2010-2012 Cycle, on HKFRS 8, 'Operating segments', HKAS 16, 'Property, plant and equipment' and HKAS 38, 'Intangible assets' and HKAS 24, 'Related party disclosures'.	1 January 2015
Annual improvements 2013	Amendments from annual improvements to HKFRSs - 2011-2013 Cycle, on HKFRS 3, 'Business combinations', HKFRS 13, 'Fair value measurement' and HKAS 40, 'Investment property'.	1 January 2015

The adoption of the improvements made in the 2010-2012 Cycle has required additional disclosures in the segment note. Other than that, the remaining amendments are not material to the Group.

(b) The following new standards and amendments and revisions to standards have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted:

Standards	Subject of amendment	Effective for accounting periods beginning on or after
HKFRS 14	Regulatory deferral accounts	1 January 2016
Amendment to HKFRS 11	Acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortization	1 January 2016
Amendments to HKAS 16 and HKAS 41	Agriculture: bearer plants	1 January 2016
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016
Annual improvements 2014	Annual improvements 2012-2014 cycle	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception	1 January 2016
Amendments to HKAS 1	Disclosure initiative	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018

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.

(c) New Hong Kong Companies Ordinance (Cap.622)

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

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.

For management purpose, the executive directors considered the nature of the Group's products and services 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 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.

During the year ended 31 December 2015, no revenue from transactions with a single external customer counted to 10% or more of the Group's total revenue.

The segment results for the year ended 31 December 2015 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	28,322,995	1,224,882	(129,654)		29,418,223
Inter-segment revenue	(37,751)	(91,903)	129,654		–
Revenue (from external customers)	28,285,244	1,132,979	–		29,418,223
Segment results	205,441	49,008	(33,893)		220,556
Unallocated income - Headquarters interest income				245,440	245,440
Unallocated costs - Headquarters expenditure				(79,076)	(79,076)
Operating profit					386,920
Finance costs	(331,514)	(22,202)	–	(495,680)	(849,396)
Interest income	51,737	2,642	–	73,576	127,955
Share of profit of joint ventures and associates	4,283,757	436,360	–	–	4,720,117
Profit before income tax					4,385,596
Income tax expense	(371,150)	(23,999)	–	(4,918)	(400,067)
Profit for the year					3,985,529
Other segment items					
Depreciation and amortisation	1,589,512	19,789	–	50,913	1,660,214
Provision/(reversal) for impairment loss of trade and other receivables	74,988	(80)	–	1	74,909
Impairment charges of inventories	91,107	–	–	–	91,107
Impairment charges of available-for-sale financial assets	–	12,732	–	–	12,732
Impairment charges of property, plant and equipment	30,168	–	–	–	30,168
Impairment charges of intangible asset	66,821	–	–	–	66,821

The segment assets and liabilities as at 31 December 2015 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	**48,087,334**	**8,614,956**	**(7,405,435)**	**17,922,833**	**67,219,688**
Total assets include:					
Investments in joint ventures and associates	**15,921,336**	**2,556,822**	**–**	**–**	**18,478,158**
Total liabilities	**19,149,256**	**6,243,336**	**(7,404,831)**	**9,740,607**	**27,728,368**
Additions to non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments)	**2,372,111**	**277,421**	**–**	**–**	**2,649,532**

The segment results for the year ended 31 December 2014 and other segment items included in the consolidated statement of comprehensive income are as follows:

	Vehicles and related operations *RMB' 000* (Restated)	Others *RMB' 000* (Restated)	Eliminations *RMB' 000* (Restated)	Unallocated *RMB' 000* (Restated)	Consolidated *RMB' 000* (Restated)
Total gross segment revenue	21,590,966	857,275	(64,817)		22,383,424
Inter-segment revenue	(30,755)	(34,062)	64,817		–
Revenue (from external customers)	21,560,211	823,213	–		22,383,424
Segment results	(594,925)	(18,050)	(34,980)		(647,955)
Unallocated income-Headquarters interest income				296,421	296,421
Unallocated costs-Headquarters expenditure				(139,319)	(139,319)
Operating loss					(490,853)
Finance costs	(257,811)	(12,573)	–	(475,031)	(745,415)
Interest income	46,675	2,075	–	72,210	120,960
Share of profit of joint ventures and associates	3,966,251	214,962	–	–	4,181,213
Profit before income tax					3,065,905
Income tax (expense)/credit	(143,004)	20,403	–	(7,986)	(130,587)
Profit for the year					2,935,318
Other segment items					
Depreciation and amortisation	1,158,058	16,227	–	50,156	1,224,441
Provision for impairment loss of trade and other receivables	31,189	740	–	–	31,929
Impairment charges of inventories	44,945	–	–	–	44,945
Impairment charges of property, plant and equipment	28,005	–	–	–	28,005
Impairment charges of intangible asset	12,307	–	–	–	12,307

The segment assets and liabilities as at 31 December 2014 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* (Restated)	Others *RMB' 000* (Restated)	Eliminations *RMB' 000* (Restated)	Unallocated *RMB' 000* (Restated)	Consolidated *RMB' 000* (Restated)
Total assets	40,328,101	4,523,232	(1,041,437)	18,652,827	62,462,723
Total assets include:					
Investments in joint ventures and associates	16,764,459	1,928,397	–	–	18,692,856
Total liabilities	14,112,491	1,488,739	(971,456)	11,583,802	26,213,576
Additions to non-current assets (other than deferred tax assets, available-for-sale financial assets and held-to-maturity investments)	3,209,711	213,029	–	–	3,422,740

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

	As at 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Total segment assets	**49,296,855**	43,809,896
Unallocated assets:		
– Cash and bank balance and other assets of headquarters	**17,922,833**	18,652,827
Total assets	**67,219,688**	62,462,723

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

	As at 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Total segment liabilities	**17,987,761**	14,629,774
Unallocated liabilities:		
– Borrowings and other liabilities of headquarters	**9,740,607**	11,583,802
Total liabilities	**27,728,368**	26,213,576

Revenue from external customers by geographical location is as follows:

	Year ended 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Mainland China	**29,402,583**	22,380,717
Hong Kong	**15,640**	2,707
	29,418,223	22,383,424

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	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Mainland China	**36,576,217**	33,927,238
Hong Kong	**93,836**	93,283
	36,670,053	34,020,521

Analysis of revenue by category:

	Year ended 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Sales of products	**26,642,420**	20,351,008
Rendering of services	**2,378,846**	1,759,695
Others	**396,957**	272,721
	29,418,223	22,383,424

4. OTHER GAINS - NET

	Year ended 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Net foreign exchange gains	**28,962**	3,494
Gains on disposal of property, plant and equipment, land use right and intangible assets	**17,662**	3,869
Donations	**(12,038)**	(17,025)
Gains on disposal of joint ventures and associates	**5,824**	1,433
Government grants	**203,232**	71,253
Gains on acquisition of GAC Hino (Shenyang) Motors Co., Ltd. ("Shenyang Hino")	**–**	157,069
Investment income of available-for-sale financial assets, held-to-maturity investments and financial assets at fair value through profit or loss	**190,522**	107,104
Others	**1,222**	35,568
	435,386	362,765

5. FINANCE COSTS

	Year ended 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Interest expense	**920,899**	806,782
Interest capitalised in qualifying assets	**(79,860)**	(62,808)
Net foreign exchange losses on financing activities	**8,357**	1,441
	849,396	745,415

6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

The amounts recognised in the consolidated balance sheet are as follows:

	As at 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
Investments in joint ventures	**12,966,481**	13,424,452
Investments in associates	**5,511,677**	5,268,404
	18,478,158	18,692,856

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

	Year ended 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
Share of profit of joint ventures *(Note (i))*	**3,595,926**	3,133,565
Share of profit of associates *(Note (i))*	**1,043,312**	968,109
Share of loss of a joint venture compensated by government grants	**80,879**	79,539
	4,720,117	4,181,213

(i) Unrealised profits or losses resulting from up stream and down stream transactions are eliminated.

6.1 INVESTMENTS IN JOINT VENTURES

	As at 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
Investment in unlisted shares	**12,966,481**	13,424,452

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

	Year ended 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
Beginning of the year	**13,424,452**	13,200,531
Additions	**1,793,553**	280,513
Share of profits	**3,579,723**	3,130,271
Dividends declared	**(5,777,200)**	(3,132,961)
Disposals	**(54,047)**	(53,902)
End of the year	**12,966,481**	13,424,452

(b) 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).

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.

The information below 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.

Summarised balance sheet

	As at 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
Assets		
Non-current assets	**29,435,534**	26,490,675
Current assets		
– Cash and cash equivalents	**23,542,801**	15,521,723
– Other current assets	**44,943,305**	46,339,877
	68,486,106	61,861,600
Total assets	**97,921,640**	88,352,275
Liabilities		
Non-current liabilities		
– Financial liabilities (excluding trade and other payables)	**7,184,736**	6,564,689
– Other non-current liabilities (including trade and other payables)	**3,497,192**	2,011,747
	10,681,928	8,576,436
Current liabilities		
– Financial liabilities (excluding trade and other payables)	**16,749,389**	15,976,893
– Other current liabilities (including trade and other payables)	**50,518,592**	42,636,068
	67,267,981	58,612,961
Total liabilities	**77,949,909**	67,189,397
Net assets	**19,971,731**	21,162,878
Less: Non-controlling interests	**(17,225)**	(17,593)
	19,954,506	21,145,285

Summarised statement of comprehensive income

	Year ended 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
Revenue	**147,460,779**	140,472,444
Cost of sales	**(124,446,423)**	(118,596,075)
Other expenditures	**(15,944,812)**	(15,732,879)
Profit after tax	**7,069,544**	6,143,490
Add: losses shared by non-controlling interests	**368**	2,734
	7,069,912	6,146,224
Other comprehensive income	**–**	–
Total comprehensive income	**7,069,912**	6,146,224

7. INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Current income tax	**350,760**	99,510
Deferred tax	**49,307**	31,077
	400,067	130,587

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 can be reconciled as follows:

	Year ended 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Profit before income tax	**4,385,596**	3,065,905
Notional tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdictions concerned *(Note(i))*	**1,014,723**	766,537
Share of profit of joint ventures and associates	**(1,180,029)**	(1,045,303)
Expenses not deductible for corporate income tax	**38,491**	29,128
Utilisation of previously unrecognised tax losses	**(15,826)**	(19,275)
Unused tax losses and deductible temporary differences for which no deferred tax asset was recognised	**415,354**	399,500
The impact of change in tax rate applicable to a major subsidiary	**127,354**	–
Income tax expense	**400,067**	130,587

(i) The tax rates applicable to the Company and its major subsidiaries for the year ended 31 December 2015 are 15% or 25% (2014: 25%).

Certain subsidiaries are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2014: 16.5%) on the estimated assessable profits for the year ended 31 December 2015.

The Group's subsidiaries, China Lounge Investment Ltd. and Denway, are recognised as PRC resident taxpayer by Guangzhou Yuexiu District Local Taxation Bureau, and are subject to "The PRC Enterprise Income Tax Law".

8. EARNINGS PER SHARE

(a) Basic

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	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Profit attributable to equity holders of the Company	**4,211,553**	3,194,160
Weighted average number of ordinary shares in issue (thousands)	**6,435,019**	6,435,019
Basic earnings per share (RMB per share)	**0.65**	0.50

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company had one category of dilutive potential ordinary shares: share options. For the share options, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options.

	Year ended 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Profit attributable to equity holders of the Company	**4,211,553**	3,194,160
Weighted average number of ordinary shares in issue (thousands)	**6,435,019**	6,435,019
Add: weighted average number of ordinary shares assuming conversion of all share options (thousands)	**28,654**	1,431
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**6,463,673**	6,436,450
Diluted earnings per share (RMB per share)	**0.65**	0.50

9. DIVIDENDS

Dividends paid in 2015 and 2014 were RMB 1,029,604,000 and RMB 1,158,304,000 respectively. A final dividend in respect of the year ended 31 December 2015 of RMB 0.12 per ordinary share, amounting to a total dividend of approximately RMB 772,202,000 is to be proposed at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

	Year ended 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
Interim dividend paid of RMB 0.08 (2014: RMB 0.08) per ordinary share	**514,802**	514,802
Proposed final dividend of RMB 0.12 (2014: RMB 0.08) per ordinary share	**772,202**	514,802
	1,287,004	1,029,604

10. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Trade receivables *(Note (a))*	**892,778**	1,209,923
Less: provision for impairment	**(160,310)**	(149,576)
Trade receivables - net	**732,468**	1,060,347
Notes receivable	**1,097,627**	290,059
Interest receivable	**67,180**	82,320
Consideration receivable for transfer of equity investment	**185,446**	174,949
Entrusted loans to related parties	**668,100**	705,516
Value added tax recoverable	**325,087**	379,140
Prepayments	**435,788**	310,680
Dividends receivable	**4,000,842**	1,259,157
Other receivables	**1,214,347**	1,253,994
	8,726,885	5,516,162

(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 2015 and 2014, the ageing analysis of these trade receivables is presented on the basis of the date of the relevant invoices as follows:

	As at 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Within 3 months	**633,490**	794,441
Between 3 months and 1 year	**76,841**	189,692
Between 1 and 2 years	**20,436**	62,050
Between 2 and 3 years	**24,998**	26,400
Over 3 years	**137,013**	137,340
	892,778	1,209,923

11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Trade payables *(Note (a))*	**6,673,973**	4,601,437
Notes payable	**682,448**	1,066,509
Advances from customers	**1,261,586**	498,208
Employee benefits payable	**853,284**	705,007
Other taxes	**266,575**	235,083
Interest payable	**295,512**	300,395
Government grants	**44,651**	13,293
Construction cost payables	**268,416**	512,425
Moulds fee payables	**414,525**	253,312
Other payables	**3,390,070**	2,466,070
	14,151,040	10,651,739
Less: non-current portion of trade and other payables	**(74,331)**	(1,151)
Current portion	**14,076,709**	10,650,588

(a) As at 31 December 2015 and 2014, ageing analysis of trade payables is presented on the basis of the date of the relevant invoices as follows:

	As at 31 December	
	2015	2014
	RMB' 000	*RMB' 000*
		(Restated)
Within 1 year	**6,592,829**	4,545,484
Between 1 and 2 years	**59,023**	32,686
Between 2 and 3 years	**13,038**	5,716
Over 3 years	**9,083**	17,551
	6,673,973	4,601,437

12. RESTATEMENT DUE TO COMMON CONTROL COMBINATION

In February 2015, Guangzhou Automobile Group Business Co., Ltd ("GAC Business"), a wholly-owned subsidiary of the Company, acquired from GAIG 100% of the equity interest of Guangzhou Lixin Taxi Co., Ltd. ("Lixin Taxi"). The consideration was satisfied by cash, amounting to RMB 82,712,000.

Since GAC Business and Lixin Taxi are ultimately controlled by GAIG both before and after the above mentioned acquisition, the acquisition is regarded as "common control combination". Accordingly, the Group has applied merger accounting to account for the acquisition of Lixin Taxi in accordance with Accounting Guideline 5 "Merger Accounting for Common Control Combinations" issued by the HKICPA.

Reconciliation of the results of operations for the year ended 31 December 2014 and the financial position as at 31 December 2014 previously reported by the Group and the restated amounts presented in the consolidated financial statements are set out below:

	As at 31 December 2014			**As at 31 December 2015**
	The Group	Lixin Taxi	The Group	**The Group**
	RMB'000	*RMB'000*	*RMB'000*	***RMB'000***
	(as previously reported)		(restated)	
Financial position				
Current assets	26,974,200	7,235	26,981,435	27,993,899
Total assets	62,371,783	90,940	62,462,723	67,219,688
Current liabilities	20,221,661	10,442	20,232,103	18,655,921
Total liabilities	26,203,134	10,442	26,213,576	27,728,368
Equity attributable to the equity holders of the Company	35,372,693	80,498	35,453,191	38,646,509

	For the year ended 31 December 2014			**For the year ended 31 December 2015**
	The Group	Lixin Taxi	The Group	**The Group**
	RMB'000	*RMB'000*	*RMB'000*	***RMB'000***
	(as previously reported)		(restated)	
Results of operations				
Revenue	22,375,934	7,490	22,383,424	29,418,223
Operating profit/(loss)	(504,225)	13,372	(490,853)	386,920
Profit for the year	2,926,419	8,899	2,935,318	3,985,529
Profit attributable to equity holders of the Company	3,185,261	8,899	3,194,160	4,211,553
Basic earnings per share (RMB)	0.49	–	0.50	0.65
Diluted earnings per share (RMB)	0.49	–	0.50	0.65

CHAIRMAN'S STATEMENT

I. ANNUAL RESULTS

In 2015, in face of the pressure on economic downturn, intensifying polarisation in different industries, and a lot of expected and unexpected problems and challenges during the economic transformation process, the central government implemented a series of policies and measures which stabilized economic growth, adjusted structures, induced reforms, benefited the livelihood of people and prevented risk. For the year 2015, year-on-year GDP growth was 6.9% and CPI recorded a year-on-year increase of 1.5% while PPI decreased by 5.2% as compared with the corresponding period last year. The economic growth maintained within a reasonable range and structural adjustment achieved new progress. Overall, China's economy evinced the characteristics of stability with slowdown and progress.

According to the data of CAAM, in 2015, the production and sales of vehicles in China were 24,503,300 units and 24,597,600 units, representing a year-on-year increase of 3.3% and 4.7% respectively but growth rate recorded a decrease of 4% and 2.2% as compared with the corresponding period last year. In particular, the production and sales of passenger vehicles first time exceeded 20,000,000 units and amounted to 21,079,400 units and 21,146,300 units, representing an increase of 5.8% and 7.3% respectively compared to the corresponding period last year. New energy vehicles were the focus of the Chinese vehicle market in 2015 with the production and sales of passenger vehicles amounting to 340,500 units and 331,100 units, representing an increase of 330% and 340% respectively compared to the corresponding period last year. The market demand for motorcycles dropped significantly. The production and sales of motorcycles in China were 18,832,200 units and 18,823,000 units respectively, representing a decrease of 11.57% and 11.71% respectively, being 4.49% and 4.12% higher compared to last year.

The production and sales of vehicles of the Group together with its joint ventures and associated companies were 1,273,900 units and 1,299,700 units respectively, representing an increase of 4.54% and 10.86% respectively compared to the corresponding period last year, of which the production and sales of passenger vehicles under the self-developed brand Trumpchi amounted to 188,900 units and 195,100 units, representing an increase of 52.46% and 61.64% as compared to the corresponding period last year; SUV had the fastest growth. It recorded production and sales volume of 423,900 units and 428,500 units for the year, representing an increase of 54.54% and 61.20% as compared to the corresponding period last year. The production of motorcycles was 1,061,900 units, representing a decrease of 1.11%; sales of motorcycles was 1,070,200 units, representing an increase of 0.74% compared to the corresponding period last year; operating income amounted to approximately RMB215,999 million, representing an increase of approximately 5.61% as compared with the same period last year.

The Group's consolidated operating income amounted to approximately RMB29,418 million, representing an increase of approximately 31.43% as compared with the corresponding period last year; the net profit attributable to owners of the parent company amounted to approximately RMB4,212 million, representing an increase of approximately 31.85% as compared with the corresponding period last year; earnings per share was approximately RMB0.65, representing an increase of approximately RMB0.15 as compared with the corresponding period last year; and return on net assets was 11.36%, representing an increase of approximately 2.11% as compared with the corresponding period last year.

In 2015, the growth rate of the Group's sales volume was 232% higher than the industry average, and the market share of the Group increased by 0.5% as compared with same period last year. Sales of motorcycles bucked the trend and recorded a positive growth, with a growth rate of 12% above the industry average.

Driven by innovation, the Group initially established its own system with the theme of "Two centres, four platforms", where GAEI acted as a technological research and development centre, and GAMC acted as the production and manufacturing centre, sharing the research and development, sourcing, brand sales and service channels, human resources and other resources. Also, the Group increased resources input into R&D, production and marketing of new energy vehicles to advance the further development of the new energy vehicles business.

The Group, together with its joint ventures and associated companies, focused on the development of major projects and optimized the layout of advanced manufacturing. The investment amount for major projects during the year was RMB11,155 million, representing an increase of 12% as compared to the corresponding period last year. The Group and its investment companies implemented product strategic planning and introduced new products to promote the optimization and upgrade of product structure.

The Group strengthened management on market capitalization in response to the frequent fluctuations in A Share market. Encouraging the substantial shareholder, a state-owned institution, to increase its shareholding, the undertakings to not reduce shareholdings were given by directors, supervisors and senior management, and a series of innovative measures to maintain investor relationship and investment, had stabilized and increased the Company's stock price. As at the end of the reporting period, the market capitalization of the Company exceeded RMB100 billion, representing an increase of approximately 119% as compared to the beginning of the year.

II. RESULTS OF THE "TWELFTH FIVE-YEAR PLAN"

During the period of the "Twelfth Five-year Plan", the Group recorded production and sales volume of over a million units in vehicles and motorcycles together with joint ventures and associated companies. CAGR of vehicle sales was 15%, which was 8% above the industry average. Operating revenue increased by 168% and its CAGR was 27.93%. The ratio of annual average cash bonus was over 30%. After many years of strategic layout, the Group completed full automobile industry chain by launching five core segments, namely R&D, whole vehicle, auto parts, commercial services and financial services businesses; acquired internationally advanced manufacturing and management technology and was equipped with competitive edge in quality; initiated the independent and innovative R&D and production system "GAC Model"; built A/H share investment and financing platform and formed the capability of capital operation and integration of industry and financing. We were also pleased that since the beginning of 2013 the major shareholder GAIG, has been listed on the Fortune 500 enterprises for successive years and the rank continuously rose to 362 in 2015.

On the basis of evaluating and summarizing the experience of the "Twelfth Five-year Plan", the Group completed the formulation of the plan for the "Thirteenth Five-year Plan" and formulated the sub-plans of capital operation strategy and internationalization strategy, ascertaining the overall goal and development philosophy.

III. PROSPECTS

In 2016, the global economy tortuously recovers from deep correction and the economic environment remains harsh and complicated. In the first year of the "Thirteenth Five-year Plan", China's economy is in a critical stage of transformation and rebalancing. Basically, the economy continues to retain its upward trend in the long run. It is expected that the GDP growth rate for the year will range between 6.5%-7.0%. In view of positive factors such as the continuous stable growth of China's economy, continuous rise in urban and rural income, state policies to further expand domestic consumption, low oil price and rapid development of the vehicle aftermarket, but also challenging factors such as buying restrictions in central cities, traffic jams, difficult and expensive parking, the increasing pressure on energy conservation and environmental protection, as well as the change in consumption pattern and transportation means, together with the increasingly higher car ownership and sales bases, it is expected that the growth rate of annual sales of vehicles will be around 5%.

In 2016, based on the development plan for "Thirteenth Five-year Plan" and the annual operation plan, the Group will strengthen and strive to improve the strength of self-developed brand, accelerate the implementation of new energy vehicles development, promote the R&D of whole vehicle and parts and components, manufacturing upgrade, and the structural optimization of commercial and financial services industry. The Group will cultivate and layout for strategic emerging industry such as the greater transport sector and advance the establishment of brand and corporate culture and improve overall competitiveness.

I. SUMMARY OF BUSINESS

The main businesses consist of the research and development, manufacturing, sales and after-sales services of passenger vehicles, commercial vehicles, motorcycles, and auto parts, the import and export of automobile-related products, automobile leasing, used vehicles, logistics services, disassembling, renewable resources, automobile credit, finance leasing, commercial factoring, insurance, insurance brokerage services and equity interest investment.

1. Vehicles

The Group's passenger vehicles are mainly produced through its joint ventures Guangqi Honda, GAC Toyota, GAC Fiat-Chrysler and GAC Mitsubishi and its subsidiaries, GAMC and GAC Gonow. The Company's passenger vehicles mainly consists of multiple series of sedans, SUV and MPV, such as Guangqi Honda Accord, Crider, VEZEL, Crosstour, Odyssey, Fit, Everus, etc.; GAC Toyota Camry, Highlander, Yaris L, E'Z, Levin, etc.; GAC Fiat-Chrysler Viaggio, Ottimo, JEEP Cherokee, etc.; GAC Mitsubishi ASX, Pajero, etc.; GAC Trumpchi (GA5, GA6, GS5, GS5•SUPER, GA3, GA3S•Vision, GS4), GAC Gonow Aoxuan G5, Xinglang etc.

Energy conservation and new energy products of the Group include: hybrid GAC Toyota Camry twin engine and Levin twin engine and GAC Trumpchi programmed hybrid GA5REV.

The Group also participates in the production of Accord sedans through its associate Honda (China), completely oriented to markets such as the Middle East.

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

As at the end of the reporting period, production capacity of passenger vehicles and commercial vehicles of the Group was 1,620,000 units.

The Group develops automobile sales through sales outlet and online channels, as at the end of the reporting period, the Company, together with its joint ventures and associated companies has 2,404 sales outlets covering 31 provinces, counties, autonomous regions and municipalities, 210 of which were new outlets established during the year. At the same time, 127,765 vehicles were sold through online channels during the reporting period, representing 9.8% of the total sales of vehicles for the year.

2. Motorcycles

The Group manufactures motorcycles mainly through its joint venture Wuyang-Honda. Main products include standard motorcycles, sport bikes and scooters, etc.

As at the end of the reporting period, the production capacity of motorcycles of the Group was 1.25 million units.

3. *Parts and components*

The Group's production of auto-parts was mainly carried out through controlling, jointly controlled, investees companies and associated companies of GAC Component, a subsidiary. The auto parts include engines, gearboxes, car seats, HVAC systems, auto lamps, automation accessories, redirectors, shock absorbers and accessories. 80% of the products were whole vehicle accessories of the Group.

4. *Automobile-related services*

Through GAC Commercial, GAC-SOFINCO, Urtrust Insurance, GAC Capital, GAC Leasing, Guang Ai Brokers, Tong Fang Logistics to provide automobile sales, credit, insurance, finance investment, leasing, logistics and import and export and other related services.

II. INDUSTRY ENVIRONMENT

In 2015, the production and sales volume of vehicles in China had a minor growth. Total production of vehicles amounted to 24,503,300 units, representing an increase of 3.25% as compared to the corresponding period last year; and total sales of vehicles amounted to 24,597,600 units, representing an increase of 4.68% as compared to the corresponding period last year. The automobile industry showed the following features:

First, production and sales volume exceed 24,000,000 units, remaining the top in the world.

Second, production and sales of new energy vehicles amounted to 340,500 units and 331,100 units, representing an increase of 330% and 340% as compared to the corresponding period last year.

Third, the market for passenger vehicles with emission of 1.6 litres or below was higher than the overall growth of passenger vehicles achieved a rapid growth; for the year, the sales of passenger vehicles with emission of 1.6 litres or below amounted to 14,508,600 units, representing an increase of 10.38% as compared to the corresponding period last year.

Fourth, market share of self-developed brand passenger vehicles amounted to 41.3%, representing a 2.9% increase. For the year, the sales of self-developed brand passenger vehicles amounted to 8,737,600 units, representing an increase of 15.3% as compared to corresponding period last year.

Fifth, economic efficiency of the industry slightly declined. For the year, major automobile industry corporations (group) recorded a total profit amounted to RMB347,676,000,000, representing a decrease of 2.91% as compared to corresponding period last year.

Sixth, the industry concentration remained high. Sales of vehicles of top ten corporate groups amounted to 22,006,900 units, representing 89.5% of total sales of vehicles.

Seventh, the import and export of whole vehicles continued to fall. For the year, the import and export of vehicles amounted to 1,101,900 units and 755,500 units, representing a decrease of 22.73% and 20.25% as compared to the corresponding period last year.

III. ANALYSIS ON CORE COMPETITIVENESS

In the reporting period, the core competitiveness of the Group is mainly reflected in:

1. *Industry layouts with complete industry chain and optimised structure*

After years of resources integration and industry re-organisation, the Group has formed the industry strategic layout based in South China and radiating to North China, East China and Bohai Rim Region and a complete closed-loop industry chain centering upon manufacture of vehicles and covering research and development of vehicles and parts and components in the upstream and automobile service and financial investment in the downstream; it is the automobile groups with the most integrated industry chain nationally, and the most optimised industry layout.

2. *Advanced manufacturing, craftsmanship, quality and procedure management*

The Group has comprehensive advantages in terms of manufacturing, craftsmanship, quality and procedure management, mainly including: (1) world leading quality advantage; (2) innovation advantage brought by "continued improvement"; (3) cost advantage brought by seeking for greater perfection.

3. *Enriched product line and optimised product structure*

The Group has a full range of sedans, SUV, MPV and other full range products. The Group actively promotes the iteration of products based on the changes in the markets and the demand of consumers. It maintained a relatively high customer loyalty and a widely recognised brand reputation.

4. *Initialized the research and development and production system of self-developed brand "GAC Model"*

The Group acquired the internationally advanced production and management technique after introducing, digesting, absorbing and re-innovating it, which formulated a world class production system. For R&D, the Group integrated global resources and established a cross-platform and modular-structured R&D system so as to acquire the advantage of integrated innovation.

5. Worldwide connecting capital operation platforms

The Group successfully built capital operation platforms in both A share and H share markets, which was favourable to the Group in leveraging on domestic and overseas capital markets in various forms to achieve effective resources allocation by integration of internal and external growth and create the maximisation of capital appreciation and corporate value.

IV. MANAGEMENT DISCUSSION AND ANALYSIS

In 2015, the Group actively advanced all kind of works in order and over accomplished annual revenue objectives:

1. Dedicating efforts to production and operation and achieving new success through development

The Group dedicated efforts to production and operation and major financial indicators had a stable growth. Vehicles achieved a year-on-year increase of 10.86% in sales, of which self-developed brand Trumpchi achieved a production and sales of over 180,000 units, representing an approximately 50% year-on-year growth. Year-on-year increase in motorcycles sales was 1.2%, a positive growth under the sliding trend, being higher than the industry average growth rate of approximately 11%. Multiple popular and best-selling models, such as VEZEL, Trumpchi GS4, Highlander and Levin hybrid, were launched, of which the monthly sales of Trumpchi GS4 was among the top 3 of SUV in the country. Under the increasingly competitive market, the Group's market share increased by 0.5% as compared to the corresponding period last year.

2. Reinforcing innovation-driven growth and stimulating new growing point

The Group continued to strengthen the research and development and ability building of new energy. The Group validly applied for 634 new patents this year, of which 148 invention patents, 230 practical new design patents and 256 exterior design patents. For the year, the Group was granted 361 patents, of which 31 invention patents, 182 practical new design patents and 148 exterior design patents. In 2015, State-Accredited Enterprise Technology Centre, with GAEI as its core, entered the top 1%, co-ranking at 10th among over 1,100 National-level Enterprise Technology Centres in the accreditation, rising 5 places. The Group's general R&D strength is of an advanced standard in the PRC.

In the new car quality study report released by J.D. Power in 2015, GAC Trumpchi ranked 8th, 6 places higher than its ranking in 2014. It ranked the first for three consecutive years in the domestic brands.

3. *Focusing on major projects and exploring new growing path*

Guangqi Honda third production line and fuel-operated engine project, GAC Fiat-Chrysler Guangzhou factory project, GAC BYD new energy passenger vehicle project, GAMC production capacity expansion project, GAC Toyota production capacity expansion and increasing product diversity projects were in progress as planned, which would be favourable to extending our operation scale, facilitating transformation and upgrading and improving comprehensive competitiveness, thus creating a new patch for growth.

4. *Activating capital operation and releasing new energy for the economy*

Well-ordered market capitalization management optimized shareholders structure and stabilized market confidence. A share and H share of the Group were listed on SSE 380 Index and FTSE China 50 Index respectively. The issuance of 5-year period corporate bond of RMB2 billion was successfully completed at an issuing rate significantly lower than that of bonds for the same period. The issuance of 6-year period A share convertible bond of RMB4,105.58 million was completed as planned with 352 times of oversubscription in February 2016.

5. *Standardising information disclosure and keeping a positive market image*

The Group insisted on protecting the interest of small and medium investors, improving the initiative, specification and effectiveness of our disclosure and strengthening voluntary disclosure. During the year, 134 and 135 regular reports and ad hoc announcements were disclosed in the Stock Exchange and SSE respectively; it strengthened the management of inside information, and no knowledge of the sensitive information and made filing and registration was leaked. Investor relationship activities such as annual results release conference, domestic and overseas roadshows, reverse roadshows, vehicle exhibition communication activities and investor summits were held during the year, resulted in positive corporate and investor interactions; a total of more than 60 communication meetings were arranged during the year and more than 500 investors and analysts were connected with.

6. *Performing social responsibilities and being a model corporate citizen*

During the reporting period, the Group supported sports, environmental protection, cultural education, medical relief, assistance and other public welfare and charity with contribution of over RMB82,640,000.

V. DISCUSSION AND ANALYSIS BY THE BOARD ON OPERATION OF THE COMPANY DURING THE REPORTING PERIOD

During the reporting period, sales revenue of the Group together with its joint ventures and associated companies amounted to approximately RMB215.999 billion, representing an increase of approximately RMB11.482 billion or 5.61% as compared to the corresponding period last year.

During the reporting period, sales revenue of the Group amounted to approximately RMB29.418 billion, representing an increase of approximately 31.43% as compared to the corresponding period last year; net profit attributable to owners of the parent company amounted to approximately RMB4.212 billion, representing an increase of approximately 31.85% as compared to the corresponding period last year and earnings per share amounted to approximately RMB0.65, both representing an increase of RMB0.15 as compared to the corresponding period last year.

The major factors leading to variation of the operating results during the reporting period include: 1. the production and sales of the Group's self-developed brand, GAMC, surged by 52.46% and 61.64%; 2. major joint ventures of the Group gradually launched new car models such as VEZEL and brand new Highlander, which was well-received by the market and further improved the operating results of the joint ventures; 3. the automobile credit, insurance, automobile parts and commercial services business grew alongside with the increase in sales and production volume of self-developed brand, which contributed to the growth of the operating results.

For the year ended 31 December, according to the proportion of shareholdings of the Group in the joint ventures, the total jointly controlled liabilities and total revenues were RMB38,938,426,188 and RMB73,496,287,209 respectively, which will be used in the calculation of waivers granted by the Stock Exchange to the Company in respect of asset and revenue ratios.

(I) ANALYSIS OF PRINCIPAL BUSINESS

Analysis of changes of items in the consolidated statement of comprehensive income and the cash flow statement

Unit: 100 million Currency: RMB

Item	Current period	Corresponding period last year	Change (%)
Revenue	294.18	223.83	31.43
Cost of sales	259.75	198.31	30.98
Selling and distribution cost	18.67	18.41	1.41
Administrative expenses	20.37	18.82	8.24
Finance costs	8.49	7.45	13.96
Interest income	5.40	4.39	23.01
Share of profit of joint ventures and associated companies	47.20	41.81	12.89
Net cash flow generated from operating activities	38.91	3.48	1,018.10
Net cash flow generated from investment activities	7.42	-32.54	122.80
Net cash flow generated from financing activities	-33.72	-9.09	-270.96

1. Analysis on income and cost

During the reporting period, operating revenue of the Group amounted to RMB29.418 billion, representing an increase of approximately 31.43% as compared with the corresponding period last year. This was mainly due to the progressive launch of new products by the Group, the significant growth in sales volume of the self-developed brand "Trumpchi" of the Group and the rapid development of various businesses such as automobile parts and components and automobile after-production service.

During the reporting period, the Group recorded total cost of sales of approximately RMB25.975 billion, representing an increase of approximately 30.98% as compared with the corresponding period last year, which was lower than the growth rate of the profit margin. Total gross profit amounted to approximately RMB3.444 billion, representing an increase of approximately RMB891 million or 34.95% as compared with the corresponding period last year. The gross profit margin increased by 0.30% as compared with the corresponding period last year, mainly due to the effect of economies of scale from the increased sales of passenger vehicles as well as higher percentage of small vehicles due to the change in sales structure.

Principal business by industry

Unit: 100 million Currency: RMB

By Industry	Revenue	Cost of Sales	Gross profit margin (%)	Increase/ decrease in revenue over last year (%)	Increase/ decrease in cost of sales over last year (%)	Increase/ decrease in gross profit margin over last year (%)
Vehicles and related trades	282.85	250.87	11.31	31.11	30.36	0.56
Others	11.33	8.88	21.62	40.05	51.28	-5.82
Total	294.18	259.75	11.70	31.43	30.98	0.30

Principal business by product

Unit: 100 million Currency: RMB

By product	Revenue	Cost of Sales	Gross profit margin (%)	Increase/ decrease in revenue over last year (%)	Increase/ decrease in cost of sales over last year (%)	Increase/ decrease in gross profit margin over last year (%)
Passenger vehicles	175.33	155.24	11.46	57.16	57.61	-0.25
Vehicles related trades	105.66	92.17	12.77	9.47	6.43	2.49
Others	13.19	12.34	6.44	-16.15	-6.66	-9.51
Total	294.18	259.75	11.70	31.43	30.98	0.30

Principal business by regions

Unit: 100 million Currency: RMB

By region	Revenue	Cost of Sales	Gross profit margin (%)	Increase/ decrease in revenue over last year (%)	Increase/ decrease in cost of sales over last year (%)	Increase/ decrease in gross profit margin over last year (%)
Mainland China	294.02	259.75	11.66	31.38	30.98	0.26
Hong Kong	0.16	0.00		433.33		
Total	294.18	259.75	11.70	31.43	30.98	0.30

Analysis of sales and production

Major products	Production volume	Sales volume	Inventory	Increase/ decrease in production volume over last year (%)	Increase/ decrease in sales volume over last year (%)	Increase/ decrease in inventory over last year (%)
Sedans	31,939	34,006	235	-22.92	-15.52	-89.58
SUV	150,277	154,002	388	92.46	102.48	-90.68

Illustration on sales and production: mainly from the sales and production data of the GAMC consolidated report, the sales of the SUV models by GAMC in 2015 amounted to 154,000 units, accounting for 81.91% of the total sales.

Sales to major customers

Unit: 100 million Currency: RMB

Customers	Revenue	Ratio to revenue (%)
Total sales to top 5 clients	14.82	5.04

Major Suppliers

Unit: 100 million Currency: RMB

Suppliers	Amount of procurement	Ratio to total procurement (%)
Total procurement from the top 5 suppliers	65.44	32.35

2. Expenditures

(1) The increase of approximately RMB26 million in selling and distribution cost as compared with the corresponding period last year was mainly due to the increase of labor costs, the increase of logistics and warehousing expenses resulting from higher sales volume, and the decrease in advertisement expenditure.

(2) The increase of approximately RMB155 million in the administrative expenses as compared with the corresponding period last year was mainly attributable to the increase in R&D expenses, depreciation and amortization and the staff costs for the restructuring of our investment companies, as well as the decrease in operation budget.

(3) The increase of approximately RMB104 million in the finance costs as compared with the corresponding period last year was mainly attributable to the increase of average borrowings of the Group during the reporting period.

(4) The increase of approximately RMB101 million in interest income as compared with the corresponding period last year was mainly attributable to the increase of interest income coming from the enhanced funding utilization.

3. Research and development expenditures

(1) Table of research and development expenditures

Unit: 100 million Currency: RMB

Expensed research and development expenses for the period	3.54
Capitalized research and development expenses for the period	15.65
Total research and development expenditures	19.19
Percentage of total research and development expenditures over total operating income (%)	6.52
Number of research and development staff	3,050
Number of research and development staff over total number of staff (%)	17.91
Percentage of capitalised research and development expenditures (%)	81.55

(2) During the reporting period, the Group increased the investment in independent research and development and orderly advanced the independent research and development and the launch of new product, through which the independent research and development strengths gradually increased, the research and development system was gradually improved.

4. Share of profit of joint ventures and associated companies

During the period, the Group's share of profit of joint ventures and associated companies was approximately RMB4.720 billion, representing an increase of approximately RMB539 million as compared with the corresponding period last year, mainly as a result of the combined effect of the following factors: a. the gradual launch of the VEZEL and the brand new Highlander in the market facilitated the further growth of results of whole vehicles of the joint ventures; b. the synergies of industries continued to strengthen, the auto parts business and the service businesses of auto financing and auto logistics in the upstream and downstream of the industry chain developed rapidly.

5. Cash flows

(1) During the reporting period, net cash inflow generated from operating activities amounted to approximately RMB3,891 million, representing an increased inflow by approximately RMB3,543 million as compared with net cash inflow of approximately RMB348 million of the corresponding period last year, mainly due to an increase in sales;

(2) During the reporting period, net cash inflow generated from investment activities amounted to approximately RMB742 million, representing an increased inflow by approximately RMB3,996 million as compared with net cash outflow of approximately RMB3,254 million of the corresponding period last year, mainly due to the combined effect of capital contribution to joint ventures, the increase of purchase of fixed assets and the decrease in time deposits;

(3) During the reporting period, net cash outflow generated from financing activities amounted to approximately RMB3,372 million, representing an increased outflow by approximately RMB2,463 million as compared with net cash outflow of approximately RMB909 million of the corresponding period last year, mainly due to the decrease in bond issuance in the reporting period.

As at 31 December 2015, cash and cash equivalent of the Group amounted to approximately RMB11,548 million, representing an increase of approximately RMB1,274 million as compared with approximately RMB10,274 million as at 31 December 2014.

6. Other

Income tax amounted to approximately RMB400 million, representing an increase of RMB269 million as compared with the corresponding period last year, mainly due to the increase in profit of subsidiaries in the period.

To sum up, the Group's net profit attributable to the parent company for the reporting period was approximately RMB4.212 billion, representing an increase of 31.85% as compared with the corresponding period last year; earnings per share amounted to approximately RMB0.65, representing an increase of approximately RMB0.15 as compared with the corresponding period last year.

(II) ANALYSIS OF ASSETS AND LIABILITIES

1. Analysis table on balance sheet

Unit: 100 million Currency: RMB

Item	Balance at the end of the current period	Balance at the end of the current period over total assets (%)	Balance at the end of the previous period	Balance at the end of the previous period over total assets (%)	Change (%)
Time deposits	40.87	6.08	74.22	11.88	-44.93
Trade and other payables	141.51	21.05	106.52	17.05	32.85
Income tax liabilities for current period	3.00	0.45	0.41	0.07	631.71

2. Analysis on change of items

(1) Time deposits: mainly due to the reasonable arrangement of deposits structure in accordance with capital needs during the reporting period;

(2) Trade and other payables: mainly due to the significant increase in production and sales volume resulting in higher payables for the purchase of raw materials, prepayments from the distributing outlets and payables to the distributing outlets, as well as the increase in construction costs for enlarging production capacity;

(3) Income tax liabilities for current period: the increase is mainly due to the increase in profits of subsidiaries during the reporting period.

(III) ANALYSIS OF FINANCIAL POSITION

1. Financial indicators

As at 31 December 2015, the Group's current ratio was approximately 1.50 times, representing an increase from approximately 1.33 times as at 31 December 2014, and quick ratio was approximately 1.31 times, which represents a slight increase compared with that of approximately 1.15 times as at 31 December 2014. Such increase was mainly due to the decrease in current liabilities following the higher dividend distributed by joint ventures and the repayment of short term financial bonds of RMB5 billion upon maturity during the reporting period.

2. Financial resources and capital structure

As at 31 December 2015, the Group's current assets amounted to approximately RMB27.994 billion, current liabilities amounted to approximately RMB18.656 billion and current ratio was approximately 1.50 times. As at 31 December 2015, the Group's total borrowings amounted to RMB11.928 billion, mainly consisting of corporate bonds issued with nominal value of RMB6 billion, debenture issued by the Group with nominal value of RMB600 million, and loans from bank and financial institutions amounting to RMB5.378 billion, which resulted in a gearing ratio of approximately 23.20%. The above loans and bonds are payable upon maturity. The Group generally funds 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 conducts its business in the PRC and the sales and purchases of the Group in the PRC are denominated in RMB, changes in foreign exchange did not have any material effect on the Group's operating results and cash flow during the reporting period.

4. Contingent liabilities

As at 31 December 2015, third-party guarantee committed by the Group amounted to RMB8,577,078, whereas that as at 31 December 2014 was RMB12,637,594; as at 31 December 2015, the financial guarantee given by the Company to its subsidiaries amounted to RMB0, as at 31 December 2014 was RMB0.

VI. ANALYSIS OF AUTOMOBILE MANUFACTURING INDUSTRY OPERATION

1. Production capacity

Existing production capacity

Names of major factories	Designed production capacity	Production capacity during the reporting period	Production capacity utilisation rate (%)
Guangqi Honda (Huangpu + Zengcheng)	600,000 units	560,000 units	93.3
GAC Toyota	380,000 units	404,000 units	106.3
GAMC	200,000 units	182,000 units	91.0
GAC Mitsubishi	100,000 units	56,000 units	56.0
GAC Fiat-Chrysler	164,000 units	40,000 units	24.4
Honda (China)	60,000 units	12,000 units	20.0
GAC Gonow	90,000 units	10,000 units	11.1
GAC Zhong Xing (Yichang) Auto Co., Ltd	15,000 units	2,200 units	14.7
GAC Hino	10,000 units	2,200 units	22.0
GAC Bus	2,100 units	200 units	9.5

Note: Production capacity during the reporting period refers to the actual production capacity during the reporting period.

Production capacity in construction

Unit: '0,000 Currency: RMB

Names of the factories in construction	Planned investment amount	Investment amount during the reporting period	Total investment amount	Expected commencement date of production	Expected production capacity
GAC BYD new energy passenger vehicle project	84,983	23,918	34,734	June 2016	5,000 units
Guangqi Honda Zengcheng factory production capacity expansion project (increasing by 24,000 units/year)	308,187	42,109	171,931	Phase 1 (120,000 units) has commenced operation since October 2015; Phase 2 has not yet commenced construction.	240,000 units
GAC Toyota production capacity extension project	350,403	16,830	47,937	January 2018	220,000 units
Phase 3 of Factory 1 of GAMC 150,000 units production capacity construction project	260,511	69,753	70,009	June 2016	150,000 units
GAC Fiat-Chrysler Guangzhou sub-plant project	645,169	151,028	175,690	April 2016	160,000 units

Production capacity calculation standards

Calculated based on standard production capacity and two production shifts.

2. Sales volume of whole vehicles

By vehicle models

Vehicle types	Sales volume (units) Total number for the year	Total number for last year	Changes in sales volume compared with the corresponding period last year (%)	Production volume (units) Total number for the year	Total number for last year	Changes in production volume compared with the corresponding period last year (%)
Passenger vehicle	1,293,173	1,157,376	11.73	1,267,181	1,202,475	5.38
Sedans	804,295	827,372	-2.79	787,019	858,423	-8.32
MPV	58,138	60,602	-4.07	54,724	66,439	-17.63
SUV	428,531	265,834	61.20	423,897	274,295	54.54
Cross-over utility vehicle	2,209	3,568	-38.09	1,541	3,318	-53.56
Commercial vehicle	6,487	14,934	-56.56	6,724	16,063	-58.14
Passenger vehicle	279	783	-64.37	208	765	-72.81
Truck	1,666	3,008	-44.61	2,241	2,996	-25.20
Pickup	4,542	11,143	-59.24	4,275	12,302	-65.25
Total vehicles	1,299,660	1,172,310	10.86	1,273,905	1,218,538	4.54

During the reporting period, the production and sales of SUVs amounted to 423,897 units and 428,531 units respectively, representing an increase of 54.54% and 61.20% as compared to the corresponding period last year respectively, which was mainly due to the fact that GAMC, Guangqi Honda and GAC Fiat-Chrysler launched new SUV models, such as GS4, Highlander and JEEP Cherokee, all of which were well-received by consumers and maintained in hot sale, thus contributing a significant boost to the sales of the Group's SUV.

During the reporting period, the Group's production and sales of commercial vehicles such as passenger vehicles and pickups declined as compared to the corresponding period last year, which was mainly due to higher pressure from domestic and foreign economic downturn resulting in an obvious decline in the growth of automobile industry as compared to previous years, especially the continuous slump in the commercial vehicle market.

By regions

Vehicle types	Domestic sales (units) Total number for the year	Total number for last year	Changes in sales volume compared with the corresponding period of last year (%)	Overseas sales (units) Total number for the year	Total number for last year	Changes in sales volume compared with the corresponding period of last year (%)
Passenger vehicle	1,278,186	1,130,531	13.06	14,987	26,845	-44.17
Commercial vehicle	3,394	7,726	-56.07	3,093	7,208	-57.09

Note: Including the sales volume of joint ventures and associated companies

3. New energy vehicle business

The Group is devoted to the development of the vehicles new energy vehicle business and establishing the overall ability towards research and development, production, supply and sales. The Group endeavors to realise a business model for new energy vehicles consisting plug-in, pure electrification and hybrid vehicles covering each dominant sub-segment market ranging from sedans, SUV to MPV by 2020. The Group plans to extend the number of vehicle models to more than 10 for the purpose of developing the technological advantage of new energy vehicles and knock-out products in order to achieve more than 200,000 units of production and sales in 2020.

Production capacity of new energy vehicles

Name of major factories	Designed production capacity (units)	Production capacity during the reporting period (units)	Production capacity utilisation rate (%)
GAMC	6,000	3,000	50
GAC Gonow	20,000	527	3

Sales of new energy vehicles

Vehicle types	Sales volume (units)			Production volume (units)		
	Total number for the year	Total number for last year	Changes in sales volume compared with the corresponding period of last year (%)	Total number for the year	Total number for last year	Changes in production volume compared with the corresponding period of last year (%)
Passenger vehicle	1,430	77	1,757.14	1,496	158	846.84
Commercial vehicle	126	0	–	245	0	–

Income of subsidies for new energy vehicles

Unit: '0,000 Currency: RMB

Vehicle types	Income	Subsidy for new energy vehicle
New energy vehicle	16,319.90	15,612.20

VII. MATERIAL DISPOSAL OF ASSETS AND EQUITY INTEREST

Nil

VIII. ANALYSIS OF MAJOR SUBSIDIARIES AND ASSOCIATES

Guangqi Honda and GAC Toyota are important joint ventures of the Group. During the reporting period, both companies actively implemented a series of measures of "launching new models, improving production capacity, increasing sales volume and maintaining revenue" according to the development trend of the industry and their own situation. Multiple best-selling models were launched during the year. Total production and sales of both companies amounted to 963,880 units and 983,156 units, representing approximately 76% of the total production and sales volume of the Group, effectively driving the growth in the results of the Group, of which:

The production and sales of Guangqi Honda amounted to 560,372 units and 580,068 units respectively, representing an increase of 9.59% and 20.83% respectively as compared with the corresponding period last year; operation income amounted to RMB69,396,830,000, representing an increase of 16.03% as compared with the corresponding period last year.

The production and sales of GAC Toyota amounted to 403,508 units and 403,088 units respectively, representing an increase of 6.27% and 7.75% respectively as compared with the corresponding period last year; operation income amounted to RMB54,663,310,000, representing an increase of 1.46% as compared with the corresponding period last year.

XI. STRUCTURED ENTITIES UNDER THE CONTROL OF THE COMPANY

Nil

X. DISCUSSION AND ANALYSIS BY THE BOARD ON FUTURE DEVELOPMENT

(1) Industrial competition and development trend

The following are the characteristics of the future industrial competition and development trend:

1. More intense competition: Following the input of numerous new models and facelift models, the Group expects that market shares in each segment will be more or less the same as 2015. SUV shall remain the hot sale with declining growth rate; sales of MPVs shall continue its growing momentum; sedans, cross-over utility vehicles and commercial vehicles shall keep recording negative growth.

2. Shift in competition: Macro economy is under transformation and market condition as well as corporate operation model is changing. Competition shifts from product competitiveness to "product+ service + brand" competitiveness, from scale competitiveness to structural competitiveness and from industry value chain competitiveness to industry pattern competitiveness.

3. Change in consumption trend: Consumption in conventional vehicles will be affected by car sharing services. Therefore, there will be significant changes in automobile consumption structure, consumption trend and personalised mode of consumption.

4. Stricter industrial regulation: Stricter environmental protection regulations along the whole industry value chain, from production, logistics to marketing; more and more regions being subject to restrictions on vehicle purchasing and driving and the intensifying competition.

5. Further supply-side reform: The policy of levy half of purchase tax regarding small displacement vehicles and no purchase restriction on new energy vehicle will also stimulate consumption of vehicles, particularly new energy vehicles.

6. Weak demand in the export market: The global economy is weak and the downward trend in vehicle export is apparent.

(2) Development strategy of the Company

The Group, based on the conclusion and review of the development experience on the "Twelfth Five-year Plan", prepared and published the "Thirteenth Five-year Plan". During the period of the "Thirteenth Five-year Plan", the Group will carry on the development principle of "internal coordination and innovation, open for external cooperation" to complete 1 objective, strengthen 5 segments, focus on 1 major subject and realise 3 breakthroughs in order to achieve its goals of production volume exceeding 3,000,000 units at the end of the "Thirteenth Five-year" with 80% production capacity utilisation rate and to become a modern automobile enterprise. Also, the Group will strengthen its five major segments (namely R&D, manufacturing, parts and components, commercial services and financial services); strive to develop self-developed brand so as to achieve forward-leaping development; and achieve breakthroughs in areas of automisation, internationalisation and internet connection.

In the future, the Group will continue development with focus on the "1513" strategy. Through acquiring complete core technology, the Group will develop competitive automobile products and research and develop vehicles with core technology in order to support the Group's sustainable development with technological innovation. Meanwhile, the Group will consider whole vehicle segment as the core business pillar to drive co-development with other segments, develop overseas markets, develop new energy vehicle and realise the three-pillar whole vehicle layout. Taking product portfolio, corporate structure, R&D and production strength and supportive system as beginning-points, the Group intends to improve the overall comprehensive compatibility of its parts and components, consolidate the Group's major business, which is whole vehicle manufacturing, further strengthen the Group's leading position in automobile distribution and after-sale market, extend service industry chain and enhance competitive advantage in commercial business. In addition, the Group will establish a diversified financial service platform to build a capital engine focusing on diversified financial services. The Group will strengthen R&D, strive to develop self-developed brand, focus on whole vehicle manufacturing business, manage core parts and components, extend automobile service industry chain, enhance production and financing innovation, advance transformation from manufacturing to service, achieve breakthroughs in areas of automisation, internationalisation and internet connection and improve overall core competitiveness in order to lay a solid foundation for the Group to achieve its strategic objective.

(3) Operational plan

In 2016, the working guidelines of the Group are: maintain the development ideals of innovation, coordination, environmental protection, open and shared development; continue to deepen system reform, implement technological innovation, product innovation, business model innovation and entrepreneurship innovation to secure an excellent beginning in the first year of the Thirteenth Five-year; accelerate the development of new energy vehicle to take a step ahead for future development; speed up transformation and upgrade to improve the Group's comprehensive competitiveness; steadily progress with an aim to improve quality and efficiency to earnestly ensure the achievement of the annual business plan.

In 2016, the Group plans to launch various new models and facelift models to strengthen the overall competitiveness of the products. GAMC, our self-developed brand, plans to launch powered models for GS4 and GA6 (equipped with 1.5T engine), GA8, a high-end executive and commercial vehicle and GS8, a 7 seater SUV. In the later part of the year or the beginning of next year, GAMC will launch GM8, its first MPV. As for new energy vehicles, we plan to launch various new energy vehicles models including GA3S PHEV, GS4 EV and GS4 PHEV. Guangqi Honda plans to launch its first deluxe SUV, the first SUV made in China under the brand name of Acura and a new hybrid model of Accord. The new car model of GAC Toyota includes a EV car under the brand name of Leahead. GAC Mitsubishi plans to launch a new SUV model and GAC Fiat-Chrysler plans to launch a new SUV model for JEEP.

It is expected that the growth of sales volume of vehicles for the whole year will be around 10% when compared with the corresponding period last year. The specific working measures are:

1. Reach targets fiercely, accomplish the objectives for 2016 using best endeavours;

2. Implement the plan for the "Thirteenth Five-year" to secure an excellent beginning;

3. Accelerate the development of new energy vehicles to take a step ahead for future development;

4. Strengthen the development of self-developed brand to improve its core competitiveness;

5. Strengthen joint venture and cooperation model to have a sound development in joint venture based on an open and sharing philosophy;

6. Try hard to achieve a turnaround result for loss-making companies to strengthen development momentum of the Group;

7. Accelerate the development of new business to support the sustainable development of the Group;

8. Deepen corporate reform to realise a better development;

9. Reinforce financial capital operation to create synergy in corporate development;

10. Continue the good grasp on doing business with integrity, safe production, comprehensive management and maintenance of stability and continue the work with reproduction planning.

(4) Potential risks

1. Risks of the industry

(1) Risk of fluctuation in macro economy

The overall automobile industry significantly depends on the level of development of the national economy, where changes in the economic growth rate would directly stimulate or suppress consumption in automobile. Moreover, due to globalisation of economy, the automobile industry will be affected by the international macro environment and circumstances to the same extent. In recent years, sustained growth in China's economic scale, steady growth in resident's disposable income, prompt economic policies promulgated by the PRC and relatively favourable international circumstances resulted in an overall growth trend in demand for China's automobile industry. However, with slower macroeconomic growth, the demand growth for China's automobile industry is currently gradually declining. In the future, automobile consumption demand will continue to be influenced by China's macroeconomic policies, industrial structural adjustments and international economic and political circumstances.

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

China's automobile industry showed an overall growth trend in the past 10 years. China has become the top in the world in terms of automobile sales of 13.64 million units since 2009, and annual sales in 2015 exceeded 24.5 million units, recording another global historic high, and became global #1 position for six consecutive years; with the opportunities in the market, a large number of automobile companies target at the domestic market by implementing or formulating output expansion plans, the competition between joint ventures and local companies, international brands and self-developed brands, among vehicles with similar emission volume and new and old models is relatively intense.

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

Under a shortage of energy and higher awareness of energy saving and environmental protection, the technological research and development of new energy vehicles are becoming an important concern as well as the direction of future automobile technological innovation of all automobile companies, whereas the consumption in conventional vehicles will be suppressed and hindered to a certain extent. In 2015, the sales of new energy vehicles grew almost fourfold. Although the development of new energy vehicles is currently included in the Group's "Thirteenth Five-year" development plan and the Company is currently committed to development, promotion and industrialisation of new energy vehicles, the technology of new energy vehicles and the ancillary systems are not yet complete, it is hard for new energy vehicles to completely replace conventional fuel vehicles in short term, and in the short term there is relatively large uncertainty in the future development prospects and direction of this technology.

2. *Operational risks*

(1) Risk of fluctuation in financial conditions and operating results of joint venture companies

The Group has established close cooperation relationship with international cooperation partners such as Honda, Toyota, Fiat, Mitsubishi and Hino. These joint venture companies set up and funded jointly with the Group have a relatively large impact on the operating results of the Company. The Company has continued to nurture independent R&D ability and to accumulate core techniques, and it has successfully developed the first self-developed brand passenger vehicle Trumpchi in September 2010. After years of development, GS4, a new SUV model, was launched in April 2015, and received positive feedback from the market, achieving a total sales volume of approximately 130,000 units. The Group has initially formed a new layout of coordinated development of three series, namely the Japanese series, European, American series and self-developed brand series. However, in view of the present situation, joint ventures companies such as Guangqi Honda and GAC Toyota, etc. still exert a relatively large impact on the operating results of the Group. If there are fluctuations in the financial conditions and operating results of the joint venture companies, the financial conditions and operating results of the Group may be affected negatively.

(2) Risk of fluctuation of prices of factors of production

The factors of production for vehicle manufacturing include labour, and different types of raw materials, including steel, aluminum, rubber, plastics and paints, thinners and other chemical products; and those of manufacturing automobile parts and components include metallic components, chemical components and electronic devices. In manufacturing passenger and commercial vehicles and products such as engines and parts and components, the Group needs to purchase a large amount of raw materials from upstream companies. If the price of bulk raw materials increases, the production costs of upstream companies will significantly increase. When the suppliers raise their prices, despite that the Group can offset the inflation of parts and components, through measures such as launching new products, resetting its product price, optimising work flow and reducing wear and tear, it may have a negative impact on the profit of the Group if the price of major raw materials increases abruptly to an exceedingly high level.

(3) 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 need to 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. In 2015, the Group continued to launch competitive new vehicle models like GS4, JEEP Cherokee, upgraded Highlander, 1.5L VEZEL, leading to consistent growth in overall sales volume. If subsequently the Company fails to continue to develop and produce competitive products in the market, and fails to reach a certain market share within a reasonable time, and forms economies of scale, it will not be able to realise the business strategies of the Company, and will have a negative impact on the business, financial conditions and business results of the Company.

3. *Risks of policies*

(1) Risks of product recall

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 (《缺陷汽車產品召回管理條例》) came into effect on 1 January 2013. The Ordinance amends and supplements the Regulations for the Administration of the Recall of Defective Automotive Products (《缺陷汽車產品召回管理規定》) and requires automobile manufacturers to provide repair services and recall. The Provisions on the Liability for the Repair, Replacement and Return of Household Automotive Products (《家用汽車產品修理、更換、退貨責任規定》) came into effect on 1 October 2013, which expressly states the liability of repair, exchange and return of household automotive products. According to the statistics released by the National Quality Supervisory and Inspection Bureau (國家質量監督檢驗檢疫總局), China recalled vehicles 133 times, 176 times and 226 times respectively in 2013, 2014 and 2015, which involved a total number of vehicles recalled amounted to 5.311 million units, 4.7863 million units and 5.5485 million units respectively. If the products of the Group are recalled, the sales and results of the Company may be negatively 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 relevant safety regulations and technical standards of the automobile industry, 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 the 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

Starting from 1 January 2017, the National Motor Vehicle Pollutant Discharge Standard Phase 5 (國家機動車污染物排放標準第五階段) upper limit, i.e. Guo V standard (國五標準), will be implemented nationwide, marking a new phase of the control of car pollutant discharge of China. Since 2015, some cities and regions have started the implementation of Guo V emission standard. New cars failing to meet the national emission standard will not be able to be listed on the new car list of the Ministry of Industrial Information in the future.

China may promulgate more stringent environmental and energy saving policies to fulfill its goal of energy saving and consumption and emission reduction. This will increase research and production cost of the Group and thus affect the operating results of the Company.

(4) Risks of amendments to vehicle consumption policies and fiscal policies

The long length of the industry chain of the automobile industry exerts an apparent impact on boosting the economy. It is a pillar industry in the national economy, while it is also an industry operating with a higher degree of market mechanism with adequately intense competition. Recently, China encouraged higher consumption of new energy vehicles, for example, the "Guided Opinion on the Speeding Up of Promotion and Application of New Energy Vehicles" (《關於加快新能源汽車推廣應用的指導意見》) released by the Secretariat of the State Council in July 2014, it deployed greater pace of promotion and application of new energy vehicles to relieve the pressure of energy shortage and on the environment, and facilitate the transformation and upgrade of the automobile industry.

Yet, on the other hand, with increasing pressure from the urban transportation, some regions in China also promulgated policies to control the total number of vehicles, such policies may have a certain negative impact on the local automobile spending. In the future, the government may also carry out further adjustment to the automobile spending policy, which may have a relatively large impact upon the production and consumption of automobile market.

(5) Risk of fuel price fluctuations

In recent year, the price of crude oil in the world suffers great volatility, the factors affecting its price include the demand and supply relationship of crude oil, and include the financial attribute of crude oil. There are relatively more uncertainties in the fluctuations of crude oil price. The finished oil pricing mechanism of China continues to be reformed following the fluctuations in crude oil price. At present, the pricing of finished oil is not totally under market mechanism, if there are gaps between the international crude oil price and the price of the finished oil products in China, then the price of the finished oil products in China may be adjusted. If there are substantial fluctuations in the crude oil price in the whole world, or China changes the current pricing policy of finished oil products, this may lead to the corresponding fluctuations in sale price of the finished oil products in China, thus affecting the structure of automobile spending, which in turn will affect the sales of products.

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.

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 2015.

SIGNIFICANT SUBSEQUENT EVENTS

1. On 22 January 2016, the Company issued a convertible bond with a par value of RMB 4,105,580,000 and a maturity of 6 years which is approved by CSRC pursuant to Document No.[2015]3131 (證監許可[2015] 3131號文), on 30 December 2015.

2. On 26 January 2016, the Company issued the first tranche of short-term financing bonds (16 GAC Group CP001 in short, code: 041653012) at a par value of RMB 2.3 billion and a maturity of 366 days. Each of the issued short-term financing bonds has a par value of RMB100 and an interest rate of 2.85% per annum.

3. In February 2016, Urtrust Insurance, a subsidiary of the Company, received "Acceptance for Urtrust Insurance Co. Ltd to list on National Equities Exchange and Quotations System" (Document No.[2015]9656)(《關於同意眾誠汽車保險股份有限公司股票在全國中小企業股份轉讓系統挂牌的函》)(股轉系統函[2015]9656號) from National Equities Exchange and Quotations Co. Ltd., accepting Urtrust Insurance to be quoted on National Equities Exchange and Quotations System and to transfer shares by agreement.

4. On 16 March 2016, GAMC, a wholly-owned subsidiary of the Company, entered into an agreement with Gonow Holdings to acquire 49% equity interest in GAC Gonow held by Gonow Holdings. GAMC planned to commence a subsequent production restructuring and construction after the acquisition. The total amount of this project is RMB 3,750,500,000. In particular, the amount of investment regarding the acquisition of 49% equity interest in GAC Gonow is approximately RMB262,047,400, and the total amount of investment regarding the subsequent reconstruction amounts to approximately RMB3,488,452,600.

DIVIDEND

The Board recommended the payment of a final dividend for the year ended 31 December 2015 of RMB0.12 per share (Total dividend for 2015: RMB0.20 per share) (Total dividend for 2014: RMB0.16 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.

DEFINITIONS

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

"associated companies, associated enterprises"	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
"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
"CAAM"	China Association of Automobile Manufacturers
"CSRC"	China Securities Regulatory Commission
"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 of the Group incorporated on 18 January 1993 under PRC law

"GAC BYD"	Guangzhou GAC BYD New Energy Passenger Vehicle Co., Ltd. (廣州廣汽比亞迪新能源客車有限公司), an associated company incorporated on 4 August 2014 under PRC law by the Group and BYD Company Limited, and the Group holds 49% of its equity interest
"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
"GAC Commercial"	Guangzhou Automobile Group Business Co., Ltd (廣州汽車集團商貿有限公司), a wholly-owned subsidiary of the Group incorporated on 21 March 2000 under PRC law
"GAC Component"	Guangzhou Automobile Group Component Co., Ltd. (廣州汽車集團零部件有限公司), a wholly-owned subsidiary incorporated on 29 August 2000 under PRC law and jointly funded by the Group and its subsidiaries
"GAC Fiat-Chrysler"	GAC FIAT Automobiles Co., Ltd. (廣汽菲亞特汽車有限公司), a jointly controlled entity incorporated on 9 March 2010 under PRC law by the Company and Fiat Group Automobiles S.P.A., on 19 January 2015 the name of this company was changed to GAC Fiat Chrysler Automobiles Co., Ltd. (廣汽菲亞特克萊斯勒汽車有限公司)
"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 by the Company and Gonow Auto, and 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 jointly controlled entity incorporated on 28 November 2007 under PRC law by the Company and Hino Motors, Ltd.
"GAC Leasing"	Guangzhou Automobile Leasing Co., Ltd. (廣州廣汽租賃有限公司), a subsidiary of GAC Commercial incorporated in February 2004 under PRC law
"GAC Mitsubishi"	GAC Mitsubishi Motor Co., Ltd. (廣汽三菱汽車有限公司), a jointly controlled incorporated on 25 September 2012 under PRC law held by the Company and Mitsubishi Motors Corporation

"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 Toyota Motor Company, and the Company holds 30% of its equity interest
"GAC-SOFINCO"	GAC-SOFINCO Automobile Finance Co., Ltd. (廣汽滙理汽車金融有限公司), a jointly controlled entity incorporated on 25 May 2010 under PRC law by the Company and Société de Financement Industriel et Commercial (SOFINCO)
"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
"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 jointly controlled entity incorporated on 1 September 2004 under PRC law by the Company and Toyota Motor Company
"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 technology in which the Company has proprietary rights
"GAIG"	Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司) , which was a state-owned enterprise incorporated on 18 October 2000, and is the controlling shareholder of the Company
"Gonow Holdings"	Zhejiang Gonow Holdings Limited (浙江吉奧控股集團有限公司), a company incorporated under PRC law with limited liabilities
"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 jointly controlled entity incorporated on 13 May 1998 under PRC law by the Company and Honda Motor Co. Ltd.
"Guang Ai"	Guangzhou Guang Ai Insurance Brokers Limited (廣州廣愛保險經紀有限公司), a subsidiary incorporated on 7 June 2006 under PRC law, in which the Company accumulatively (directly and indirectly) holds 75.1% equity interest

"Group"	The Company and its subsidiaries, joint venture companies, associated companies
"Honda (China)"	Honda Automobile (China) Co., Ltd. (本田汽車（中國）有限公司), an associated company incorporated by the Company, Honda Motor Co. Ltd. and Dongfeng Motor Company on 8 September 2003 under PRC law, and the Company holds 25% of its equity interest
"joint venture, joint enterprise, jointly controlled entity"	joint venture companies under direct or indirect joint control, and the direct or indirect joint control causes no participating party to have any unilateral control power over the economic activities of that jointly controlled entity
"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
"MPV"	multi-purpose passenger vehicle
"PRC" or "China"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"SSE"	the Shanghai Stock Exchange
"Shanghai Hino"	Shanghai Hino Engine Co., Ltd. (上海日野發動機有限公司), an associated company incorporated on 8 October 2003 under PRC law. Shanghai Hino is held as to 50% by Hino Motors, Ltd., 30% by the Company and 20% by Shanghai Electric (Group) Corporation respectively
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SUV"	sports utility vehicle
"Tong Fang Logistics"	Tong Fang Global (Tianjin) Logistics Co., Limited (同方環球（天津）物流有限公司), jointly established by China First Automobile Works Group and Toyota Motor Company in July 2007, and the Company holds 25% of its equity interest

"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, and in which the Group directly and indirectly holds a total of 60% equity interest
"Wuyang-Honda"	Wuyang-Honda Motors (Guangzhou) Co., Ltd. a jointly controlled entity jointly established in 1992 by the Company, Honda Motor Co. Ltd. and Honda Technology & Research Industry (China) Investment Co., Ltd., in which each company holds 50% equity interest

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

Guangzhou, the PRC, 25 March 2016

As at the date of this announcement, the executive directors of the Company are ZHANG Fangyou, ZENG Qinghong, YUAN Zhongrong, FENG Xingya, LU Sa and WU Song, the non-executive directors of the Company are YAO Yiming, CHEN Maoshan, 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.