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)

2019 ANNUAL RESULTS ANNOUNCEMENT

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2019 together with the comparative figures of the corresponding period ended 31 December 2018. The result has been reviewed by the Audit Committee and the Board of the Company.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	**Year ended 31 December** **2019** ***RMB'000***	2018 *RMB'000*
Revenue	4	**59,704,322**	72,379,779
Cost of sales		**(57,181,363)**	(60,835,699)
Gross profit		**2,522,959**	11,544,080
Selling and distribution costs		**(4,553,402)**	(5,073,033)
Administrative expenses		**(3,589,516)**	(4,519,380)
Net impairment losses on financial assets		**(53,831)**	(7,257)
Interest income		**290,694**	453,389
Other gains – net	5	**2,620,340**	1,067,991
Operating (loss)/profit		**(2,762,756)**	3,465,790
Interest income		**171,565**	103,021
Finance costs	6	**(516,481)**	(458,858)
Share of profit of joint ventures and associates	7	**9,399,343**	8,753,300
Profit before income tax		**6,291,671**	11,863,253
Income tax credit/(expense)	8	**417,186**	(920,808)
Profit for the year		**6,708,857**	10,942,445
Profit is attributable to:			
Owners of the Company		**6,616,265**	10,899,603
Non-controlling interests		**92,592**	42,842
		6,708,857	10,942,445

	Note	Year ended 31 December 2019 RMB'000	2018 RMB'000
Other comprehensive income/(loss)			
Items that may be reclassified subsequently to profit or loss			
– exchange differences on translation of foreign operations		**1,151**	722
– share of other comprehensive loss of joint ventures and associates accounted for using the equity method		**(419)**	–
Items that will not be reclassified subsequently to profit or loss			
– changes in the fair value of equity investments at fair value through other comprehensive income		**8,974**	(75,562)
Other comprehensive income/(loss) for the year, net of tax		**9,706**	(74,840)
Total comprehensive income for the year		**6,718,563**	10,867,605
Total comprehensive income attributable to:			
Owners of the Company		**6,625,971**	10,824,763
Non-controlling interests		**92,592**	42,842
		6,718,563	10,867,605
Earnings per share for profit attributable to ordinary equity holders of the Company *(expressed in RMB per share)*			
– basic	9	**0.65**	1.07
– diluted	9	**0.64**	1.06

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2019 RMB'000	2018 RMB'000
ASSETS			
Non-current assets			
Land use rights		**–**	3,929,992
Property, plant and equipment		**19,395,807**	16,318,393
Right-of-use assets		**6,846,371**	–
Investment properties		**1,334,487**	1,485,994
Intangible assets		**10,809,744**	8,539,985
Investments in joint ventures and associates	7	**32,004,786**	28,995,309
Deferred income tax assets		**1,705,313**	1,062,075
Financial assets at fair value through other comprehensive income ("FVOCI")		**1,224,218**	1,215,244
Financial assets at fair value through profit or loss ("FVPL")		**3,137,472**	1,588,786
Prepayments and other long-term receivables		**4,140,853**	2,827,005
		80,599,051	65,962,783
Current assets			
Inventories		**6,927,830**	6,729,797
Trade and other receivables	11	**16,843,950**	16,605,239
Financial assets at fair value through other comprehensive income		**6,948**	–
Financial assets at fair value through profit or loss		**842,845**	967,734
Time deposits		**6,959,924**	10,336,681
Restricted cash		**1,678,017**	3,841,939
Cash and cash equivalents		**23,604,986**	27,729,586
		56,864,500	66,210,976
Total assets		**137,463,551**	132,173,759

	Note	As at 31 December 2019 RMB'000	2018 RMB'000
EQUITY			
Share capital		**10,237,708**	10,232,497
Other reserves		**28,144,766**	26,880,662
Retained earnings		**41,805,637**	39,490,695
Capital and reserves attributable to owners of the Company		**80,188,111**	76,603,854
Non-controlling interests		**2,320,135**	1,370,853
Total equity		**82,508,246**	77,974,707
LIABILITIES			
Non-current liabilities			
Trade and other payables	12	**262,876**	198,485
Borrowings		**7,691,622**	9,611,461
Lease liabilities		**1,232,042**	–
Deferred income tax liabilities		**183,136**	160,977
Provisions		**1,014,776**	674,556
Government grants		**2,795,975**	3,262,220
		13,180,427	13,907,699
Current liabilities			
Trade and other payables	12	**33,616,467**	35,786,131
Contract liabilities		**1,528,757**	1,335,696
Current income tax liabilities		**284,124**	340,264
Borrowings		**6,168,929**	2,829,262
Lease liabilities		**176,601**	–
		41,774,878	40,291,353
Total liabilities		**54,955,305**	54,199,052
Total Equity and Liability		**137,463,551**	132,173,759

NOTES

1. GENERAL INFORMATION

Guangzhou Automobile Group Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the manufacturing and sale of automobiles, engines and other automotive parts and rendering of financial services. The Company's holding company is Guangzhou Automobile Industry Group Co., Ltd. ("GAIG"), a state-owned enterprise incorporated in the People's Republic of China (the "PRC").

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

The Company was established in June 1997 as a limited liability company in the PRC. In June 2005, the Company underwent a reorganisation and transformed itself into a joint stock company with limited liability under the Company Law of the PRC. The Company's shares have been listed on Hong Kong Stock Exchange (the "HKSE") and Shanghai Stock Exchange ("SSE") since 30 August 2010 and 29 March 2012 respectively.

These financial statements are presented in thousands of Renminbi Yuan ("RMB"), unless otherwise stated.

2. BASIS OF PREPARATION

The consolidated financial statements of the Group have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") and disclosure requirements of the Hong Kong Companies Ordinance Cap.622. The consolidated financial statements have been prepared on a historical cost basis, except for certain financial assets which are measured at fair value.

(a) New and amended standards and interpretations adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2019:

Standards/Amendments	**Subject of standards/amendments**
HKFRS 16	Leases
HK (IFRIC) 23	Uncertainty over Income Tax Treatments
Amendments to HKFRS 9	Prepayment Features with Negative Compensation
Amendments to HKAS 28	Long-term Interests in Associates and Joint Ventures
Annual Improvements to HKFRSs 2015-2017 Cycle	Improvements to HKFRSs
Amendments to HKAS 19	Plan Amendment, Curtailment or Settlement

The Group had to change its accounting policies as a result of adopting HKFRS 16. The Group elected to adopt the new rules retrospectively but recognised the cumulative effect of initially applying the new standard on 1 January 2019. This is disclosed in Note 3. Most of the other amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(b) New standards, amendments to existing standards and interpretations not yet adopted

Certain new standards, amendments to standards and interpretations have been published that are not mandatory for 31 December 2019 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Standards/Amendments	Subject of standards/ amendments	Effective for accounting periods beginning on or after
HKFRS 9, HKFRS 39 and HKFRS 7 (Amendment)	IBOR reform and effects (phase 1)	1 January 2020
Amendments to HKAS 1 and HKAS 8	Definition of Material	1 January 2020
Amendments to HKFRS 3	Definition of a Business	1 January 2020
Revised Conceptual Framework	Financial Reporting	1 January 2020
HKFRS 17	Insurance Contracts	1 January 2021 (likely to be extended to 1 January 2022)

3. IMPACT OF ADOPTION OF HKFRS 16

This note explains the impact of the adoption of HKFRS 16 Leases on the Group's financial statements.

As indicated in Note 2 above, the Group has adopted HKFRS 16 Leases retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transition provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening consolidated balance sheet on 1 January 2019.

On adoption of HKFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of HKAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as at 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 4.75%.

(i) Practical expedients applied

In applying HKFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- applying a single discount rate to a portfolio of leases with reasonably similar characteristics
- relying on previous assessments on whether leases are onerous as an alternative to performing an impairment review – there were no onerous contracts as at 1 January 2019
- accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- excluding initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- using hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying HKAS 17 and HK (IFRIC) 4 Determining whether an Arrangement contains a Lease.

(ii) Measurement of lease liabilities

	2019
	RMB'000
Operating lease commitments disclosed as at 31 December 2018	**443,350**
Discounted using the lessee's incremental borrowing rate at the date of initial application	**361,120**
Lease liabilities recognised as at 1 January 2019	**361,120**
Of which are:	
Current lease liabilities	**93,095**
Non-current lease liabilities	**268,025**
	361,120

(iii) Measurement of right-of-use assets

Associated right-of-use assets were measured at the amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated balance sheet as at 31 December 2018.

The land use rights, representing upfront payments made for the use of land and amortised over the unexpired terms of the lease on a straight-line basis, are reclassified to right-of-use assets as at 1 January 2019.

(iv) Adjustments recognised in the consolidated balance sheet on 1 January 2019

The change in accounting policy affected the following items in the consolidated balance sheet on 1 January 2019:

- right-of-use assets – increase by RMB 4,291,112,000
- lease liabilities – increase by RMB 361,120,000
- land use rights – decrease by RMB 3,929,992,000.

There was no impact on retained earnings on 1 January 2019.

(v) Lessor accounting

The Group did not need to make any adjustments to the accounting for assets held as lessor under operating leases as a result of the adoption of HKFRS 16.

4. 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, other financing services, 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 2019, 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 2019 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	**57,473,064**	**2,647,427**	**(416,169)**	**–**	**59,704,322**
Inter-segment revenue	**(87,576)**	**(328,593)**	**416,169**	**–**	**–**
Revenue (from external customers)	**57,385,488**	**2,318,834**	**–**	**–**	**59,704,322**
Segment results	**(2,287,703)**	**(175,137)**	**(425)**	**–**	**(2,463,265)**
Unallocated income – Interest income of headquarters	**–**	**–**	**–**	**198,953**	**198,953**
Unallocated costs – Expenditure of headquarters	**–**	**–**	**–**	**(498,444)**	**(498,444)**
Operating loss					**(2,762,756)**
Finance costs	**(219,642)**	**(14,762)**	**–**	**(282,077)**	**(516,481)**
Interest income	**27,986**	**21,039**	**–**	**122,540**	**171,565**
Share of profit of joint ventures and associates	**8,937,715**	**461,628**	**–**	**–**	**9,399,343**
Profit before income tax					**6,291,671**
Income tax credit/(expense)	**494,487**	**(66,610)**	**–**	**(10,691)**	**417,186**
Profit for the year					**6,708,857**
Other segment information					
Depreciation and amortisation	**4,197,356**	**26,500**	**–**	**59,810**	**4,283,666**
Net impairment losses on financial assets	**17,882**	**35,949**	**–**	**–**	**53,831**
Impairment charges of inventories	**30,183**	**–**	**–**	**–**	**30,183**
Impairment charges of property, plant and equipment	**81,667**	**331**	**–**	**–**	**81,998**
Impairment charges of intangible assets	**443,217**	**–**	**–**	**–**	**443,217**

The segment assets and liabilities as at 31 December 2019 and additions to non-current assets (other than deferred tax assets, FVPL and FVOCI) 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	**101,925,922**	**37,036,319**	**(36,341,329)**	**34,842,639**	**137,463,551**
Total assets include:					
Investments in joint ventures and associates	**28,281,061**	**3,723,725**	**–**	**–**	**32,004,786**
Total liabilities	**51,542,547**	**27,583,109**	**(36,431,011)**	**12,260,660**	**54,955,305**
Additions to non-current assets (other than deferred tax assets, FVPL and FVOCI)	**11,299,504**	**1,135,866**	**–**	**–**	**12,435,370**

The segment results for the year ended 31 December 2018 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	69,774,402	2,948,073	(342,696)	–	72,379,779
Inter-segment revenue	(124,592)	(218,104)	342,696	–	–
Revenue (from external customers)	69,649,810	2,729,969	–	–	72,379,779
Segment results	3,351,524	554,092	(396)	–	3,905,220
Unallocated income – Interest income of headquarters	–	–	–	334,035	334,035
Unallocated costs – Expenditure of headquarters	–	–	–	(773,465)	(773,465)
Operating profit					3,465,790
Finance costs	(129,021)	(18,187)	–	(311,650)	(458,858)
Interest income	19,983	5,086	–	77,952	103,021
Share of profit of joint ventures and associates	8,391,569	361,731	–	–	8,753,300
Profit before income tax					11,863,253
Income tax expense	(779,277)	(131,973)	–	(9,558)	(920,808)
Profit for the year					10,942,445

	Vehicles and related operations *RMB'000*	Others *RMB'000*	Eliminations *RMB'000*	Unallocated *RMB'000*	Consolidated *RMB'000*
Other segment information					
Depreciation and amortisation	2,970,072	56,136	–	22,138	3,048,346
Net impairment losses on financial assets	7,230	27	–	–	7,257
Impairment charges of inventories	103,125	567	–	–	103,692
Impairment charges of property, plant and equipment	266	–	–	–	266
Impairment charges of intangible assets	102,107	–	–	–	102,107

The segment assets and liabilities as at 31 December 2018 and additions to non-current assets (other than deferred tax assets, FVPL and FVOCI) 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	92,288,668	38,874,836	(31,468,420)	32,478,675	132,173,759
Total assets include:					
Investments in joint ventures and associates	24,814,538	4,180,771	–	–	28,995,309
Total liabilities	45,104,433	30,102,274	(31,517,142)	10,509,487	54,199,052
Additions to non-current assets (other than deferred tax assets, FVPL and FVOCI)	9,633,345	620,925	–	–	10,254,270

5 OTHER GAINS – NET

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Net foreign exchange gains	**40,071**	65,203
Gains/(losses) on disposal of property, plant and equipment, land use right, intangible assets and investment properties	**8,895**	(48,977)
Donations	**(14,127)**	(16,788)
Gains on disposals of joint ventures and associates	**22,493**	25,677
Government grants	**2,239,317**	790,314
Net investment income related to investment in financial assets	**191,875**	194,679
Net fair value gains/(losses) on financial assets at fair value through profit or loss	**95,354**	(23,857)
Gains on remeasurement of the Group's previously held equity interest in an associate to fair value at the acquisition date	**–**	17,622
Others	**36,462**	64,118
	2,620,340	1,067,991

6 FINANCE COSTS

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Interest expense	**521,299**	510,301
Interest expense on lease liabilities	**59,503**	–
Interest capitalised in qualifying assets	**(64,321)**	(51,443)
	516,481	458,858

7 INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

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

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Investments in joint ventures	**23,867,207**	22,113,574
Investments in associates	**8,137,579**	6,881,735
	32,004,786	28,995,309

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

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Share of profit of joint ventures	**8,194,859**	7,226,090
Share of profit of associates	**1,204,484**	1,527,210
	9,399,343	8,753,300

Unrealised profits or losses resulting from upstream and downstream transactions are eliminated.

7.1 INVESTMENTS IN JOINT VENTURES

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Investment in unlisted shares	**23,867,207**	22,113,574

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

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Beginning of the year	**22,113,574**	19,201,981
Changes in accounting policy	**–**	(62,191)
Beginning of the year (restated)	**22,113,574**	19,139,790
Additions *(Note (i))*	**508,510**	1,593,281
Disposals	**–**	(62,396)
Capital reduction	**(88,420)**	(27,115)
Share of profits	**8,252,907**	7,240,817
Share of addition in other reserves	**2,654**	3,731
Dividends declared	**(6,922,018)**	(5,774,534)
End of the year	**23,867,207**	22,113,574

(i) In 2019, the Group contributed additional capital of RMB 77,500,000 to a joint venture in proportion to its interest held. In addition, the Group contributed capital of RMB 431,010,000 to four newly set up joint ventures.

(b) Set out below are the joint ventures of the Group as at 31 December 2019, which in the opinion of the directors, are material to the Group. The joint ventures as listed below are held directly by the Group. The country of incorporation or registration is also their principal place of business.

Name of joint ventures	Place of business/ country of incorporation	% of ownership interest	Nature of the relationship	Measurement method
GAC Honda Automobile Co., Ltd. ("GAC Honda") 廣汽本田汽車有限公司	Mainland China	50	Note 1	Equity
GAC Toyota Motor Co., Ltd. ("GAC Toyota") 廣汽豐田汽車有限公司	Mainland China	50	Note 1	Equity
GAC Fiat Chrysler Automobiles Co., Ltd. ("GAC Fiat Chrysler") 廣汽菲亞特克萊斯勒汽車有限公司	Mainland China	50	Note 1	Equity
GAC Mitsubishi Motors Co., Ltd. ("GAC Mitsubishi") 廣汽三菱汽車有限公司	Mainland China	50	Note 1	Equity
GAC Hino Motors Co., Ltd. ("GAC Hino") 廣汽日野汽車有限公司	Mainland China	50	Note 1	Equity
GAC-SOFINCO Automobile Finance Co., Ltd ("GAC Sofinco") 廣汽匯理汽車金融有限公司	Mainland China	50	Note 1	Equity
Wuyang-Honda Motors (Guangzhou) Co., Ltd. ("Wuyang-Honda") 五羊－本田摩托(廣州)有限公司	Mainland China	50	Note 1	Equity

Note 1: GAC Honda, GAC Toyota, GAC Fiat Chrysler, GAC Mitsubishi, GAC Hino are companies manufacturing and selling automobiles and automotive parts, GAC Sofinco is a company providing automotive financing services, and Wuyang-Honda is a company manufacturing and selling motorcycles and motorcycle parts. All of them are unlisted companies.

(c) Summarised financial information for joint ventures

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

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

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	
	2019	2018
	RMB'000	*RMB'000*
Assets		
Non-current assets	**74,621,992**	61,074,993
Current assets		
– Cash and cash equivalents	**52,811,062**	42,761,569
– Other current assets	**46,104,137**	61,897,923
	98,915,199	104,659,492
Total assets	**173,537,191**	165,734,485
Liabilities		
Non-current liabilities		
– Financial liabilities (excluding trade and other payables)	**21,693,717**	13,291,657
– Other non-current liabilities (including trade and other payables)	**5,980,843**	4,999,229
	27,674,560	18,290,886
Current liabilities		
– Financial liabilities (excluding trade and other payables)	**23,703,660**	21,893,491
– Other current liabilities (including trade and other payables)	**79,557,334**	86,630,312
	103,260,994	108,523,803
Total liabilities	**130,935,554**	126,814,689
Net assets	**42,601,637**	38,919,796
Less: Non-controlling interests	**(17,206)**	(17,073)
	42,584,431	38,902,723

Summarised statement of comprehensive income

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Revenue	**248,545,510**	241,881,015
Cost of sales	**(211,668,629)**	(203,685,751)
Other expenditures	**(20,390,072)**	(23,661,386)
Profit after tax	**16,486,809**	14,533,878
Less: profit attributable to non-controlling interests	**(133)**	(20)
	16,486,676	14,533,858
Other comprehensive loss	**(20)**	–
Total comprehensive income	**16,486,656**	14,533,858

8. INCOME TAX (CREDIT)/EXPENSE

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Current income tax	**203,893**	805,172
Deferred tax	**(621,079)**	115,636
	(417,186)	920,808

The tax rates applicable to the Company and its major subsidiaries for the year ended 31 December 2019 are 15% or 25% (2018: 15% or 25%).

Certain subsidiaries are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2018: 16.5%) on the estimated assessable profits for the year ended 31 December 2019.

9. EARNINGS PER SHARE

(a) Basic

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

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**6,616,265**	10,899,603
Weighted average number of ordinary shares in issue (thousands)	**10,235,610**	10,216,906
Basic earnings per share *(RMB per share)*	**0.65**	1.07

(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 two categories of dilutive potential ordinary shares: convertible bonds and share options. The convertible bonds are assumed to have been converted into ordinary shares, and the net profit is adjusted to eliminate the interest expense. 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 market share price of the Company's shares for the year ended 31 December 2019) 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	
	2019	2018
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**6,616,265**	10,899,603
Add: Interest expense on convertible bonds	**91,832**	89,427
Profit used to determine diluted earnings per share	**6,708,097**	10,989,030
Weighted average number of ordinary shares in issue (thousands)	**10,235,610**	10,216,906
Add: weighted average number of ordinary shares assuming conversion of all share options (thousands)	**2,612**	22,535
Add: weighted average number of ordinary shares assuming conversion of all convertible bonds (thousands)	**177,118**	173,153
Weighted average number of ordinary shares for diluted earnings per share (thousands)	**10,415,340**	10,412,594
Diluted earnings per share *(RMB per share)*	**0.64**	1.06

10. DIVIDENDS

	Year ended 31 December	
	2019	2018
	RMB'000	*RMB'000*
Interim dividend paid of RMB0.05 (2018: RMB0.10) per ordinary share	**511,885**	1,021,470
Proposed final dividend of RMB0.15 (2018: RMB0.28) per ordinary share	**1,535,656**	2,865,995
	2,047,541	3,887,465

Dividends paid in 2019 and 2018 were RMB3,377,880,000 and RMB4,158,451,000 respectively. A final dividend in respect of the year ended 31 December 2019 of RMB 0.15 per ordinary share, amounting to a total dividend of approximately RMB1,535,656,000 is to be proposed at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

11. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade receivables *(Note (a))*	**3,720,676**	2,407,440
Less: provision for impairment	**(254,327)**	(248,905)
Trade receivables – net	**3,466,349**	2,158,535
Notes receivable	**2,241,121**	4,756,832
Loans to related parties	**1,645,655**	603,412
Entrusted loans to related parties	**240,000**	189,400
Value added tax recoverable	**1,883,638**	1,751,306
Prepayments	**1,284,439**	1,425,552
Dividends receivable	**3,614,415**	3,202,844
Finance lease receivables	**1,127,573**	1,045,445
Other receivables	**1,340,760**	1,471,913
	16,843,950	16,605,239

(a) Sales of passenger vehicles were normally made with advances from customers. Sales of other products were made on credit terms ranging from 0 to 365 days. As at 31 December 2019 and 2018, 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	
	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**2,908,145**	2,153,009
Between 1 and 2 years	**561,819**	79,519
Between 2 and 3 years	**78,988**	7,619
Between 3 and 4 years	**7,363**	10,083
Between 4 and 5 years	**8,401**	6,439
Over 5 years	**155,960**	150,771
	3,720,676	2,407,440

12. TRADE AND OTHER PAYABLES

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Trade payables (Note (a))	**12,142,923**	11,438,370
Notes payable	**1,122,303**	834,772
Employee benefits payable	**2,179,518**	2,190,001
Other taxes	**417,427**	764,328
Government grants	**189,534**	116,662
Construction cost payables	**718,208**	741,226
Sales rebate	**1,548,213**	1,747,657
Payable for mould expenses	**1,451,364**	1,590,019
Advertising expense payables	**659,699**	874,055
Development cost payables	**825,802**	691,342
Customer deposits	**8,596,263**	9,746,028
Unearned premium reserve	**825,680**	625,596
Assets sold under agreements to repurchase	**252,235**	378,955
Deposit payables	**178,609**	169,054
Other payables	**2,771,565**	4,076,551
	33,879,343	35,984,616
Less: non-current portion of trade and other payables	**(262,876)**	(198,485)
Current portion	**33,616,467**	35,786,131

(a) As at 31 December 2019 and 2018, ageing analysis of trade payables is presented on the basis of the date of the relevant invoices as follows:

	As at 31 December	
	2019	2018
	RMB'000	*RMB'000*
Within 1 year	**11,749,823**	11,256,179
Between 1 and 2 years	**318,534**	106,697
Between 2 and 3 years	**39,981**	50,365
Over 3 years	**34,585**	25,129
	12,142,923	11,438,370

CHAIRMAN'S STATEMENT

Dear shareholders,

In 2019, in the face of the turbulent external situation and the increasingly severe industry situation, we, with the strong support of our shareholders, stayed true to our original aspiration, kept in mind our mission, sought for internal transformation, and devoted ourselves to development, and have outpaced the overall development of the industry. On behalf of the Board, I would like to express my heartfelt gratitude to our shareholders, partners and people from all walks of life!

During the year, we maintained steady development and demonstrated our flexibility through adversity. Amidst the continuing downward trend of the domestic automobile industry which recorded a year-on-year decrease of 8.23% in sales volume, the Group's sales volume of automobiles for the year amounted to 2.0622 million units, representing a year-on-year decrease of 3.99%, which out-performed the industry by approximately 4.24 percentage points. Our sales volume of automobiles ranked among the top five in China and our market share increased by 0.35 percentage point year-on-year. In particular, the sales volume of GAC Honda and GAC Toyota achieved a growth of 3.98% and 17.59% as compared to last year, while the operating income of both achieved a record high. GAMC withstood the downward pressure and strove to reduce the inventory level and modified its structure, as well as building a digital marketing system and a specialised service system. The second generation GS4, built upon the brand new GPMA platform, recorded a sales volume of over 10,000 units for the first month after launch; Aion S and Aion LX, two new models built by the pure electric exclusive platform launched by GAC New Energy, achieved a 110.6% rise in annual sales volume as compared to last year. Total operating income of the Group together with its joint ventures and associated companies amounted to approximately RMB355.090 billion, representing a decrease of approximately 2.36% as compared to last year. The sales revenue of the Group amounted to approximately RMB59.704 billion, representing a decrease of approximately 17.51% as compared to last year. Net profit attributable to shareholders of the parent company was approximately RMB6.616 billion, representing a decrease of approximately 39.30% as compared to last year. Earnings per share amounted to approximately RMB0.65, representing a decrease of approximately 39.25% as compared to last year. The Group was listed in Fortune Global 500 for the 7th consecutive year and entered the top 200 for the first time, ranked 189.

During the year, we continued to reciprocate our shareholders and shared our fruits of development with them. We always adhere to the long-term sustainable and stable dividend policy and distribute dividends twice a year, with annual dividend payout ratios exceeding 30%, so as to share the fruits of development with investors. Taking into account the Group's profitability and future development needs, the Board recommended a final dividend of RMB1.5 (including tax) per 10 shares to all shareholders. Together with the interim dividend of RMB0.5 (including tax) per 10 shares distributed, the total amount of dividends paid to all shareholders in the year was about RMB2.048 billion, and the cumulative cash dividends distributed since the listing have exceeded RMB16.8 billion.

During the year, we implemented in depth reform and innovation, and constantly released the vitality of the enterprise. We have implemented the organisational reform of the Group's headquarter, strengthened the efficiency of integrated operation, communication and coordination of our self-developed brands, strengthened the synergy of resources and strategies among R&D, manufacture, parts and components, commercial services and financial segments, so as to accelerate the development of internationalisation and digitalisation. GAEI has simulated its operation as a legal person and established a board of directors, and implemented a unified adjustment on the composition of the board of directors of GAMC, GAC New Energy and GAEI with an aim of achieving a concerted pace for the integration of research, production and sales. We have continued to promote the reform of professional managers and completed the selection and appointment for the two vacant positions of deputy general managers (as professional managers), which enhanced the selection of pilot investment enterprises to implement the reform of professional managers.

During the year, we closely followed the strategic guidance and actively improved the strategic layout. In order to promote the implementation of the "13th Five-Year Plan", we released the "e-TIME Action" plan, which takes experience of customers (Experience) as the core and most important mission, complemented with Technology, Intelligence, Manufacture and Electrification to support such new customer experience. Digitalisation has been adopted clearly as one of the key breakthrough directions for the Group's mid-and-long term development. We actively promoted the digitalisation transformation, and formulated the overall digitalisation transformation blueprint from "business digitalisation" to "digital commercialisation". We continued to promote the construction of GAC Zhilian New Energy Automotive Industrial Park. At present, the approved scale of investment projects as located in the industrial park has reached RMB28.5 billion. "On Time" (如祺出行) was officially launched on 26 June, and its reputation on the market has continued to rise, with over one million users registered in half a year. Our "circle of friends" has been expanding, as we commenced strategic cooperations with leading automobile and parts and components enterprises domestically and internationally, and opened up for continuously deepened cooperation. GAMC's Yichang factory and GAC Toyota's production capacity expansion project (phase II production capacity of 120,000 units) have been completed and put into operation, further strengthening the development foundation.

During the year, we strengthened our independent innovation and accelerated the accumulation of developmental momentum. GAEI has fully advanced 53 vehicle projects and completed the development and launch of 14 models. A total of 13 powertrain projects were advanced throughout the year, while the 1.5TM Miller cycle engines have been put into mass production successfully, which comprehensively improved the vehicle's power performance, fuel consumption and lightweight level; the first prototype trial production of the fourth generation engine 2.0TGDI was completed ahead of schedule, which demonstrated that the manufacturing ability outperforms its counterparts over the world. In terms of technological innovation, development of one-pedal control system, automotive Ethernet, networking eco-cloud platform and networking terminal products G3.0, etc. have been completed and put into mass production; ADiGO (Smart Driving and Connected) ecosystem, which is self-developed by GAC with support from Tencent, Huawei and other strategic partners, has been released to create an intelligent networking vehicle ecosystem. The ability of independent R&D and innovation continued to improve. In the 2019 evaluation results of national enterprise technology centres issued by the general office of the National Development and Reform Commission, GAC Group ranked sixth in China with a score of 96.4 points.

During the year, we marched on to alleviate poverty and earnestly fulfilled our social responsibilities. The Group has actively advanced the precision poverty relief and poverty alleviation work and carried out the work of "no worries for two things, guaranteed on three aspects and meeting the average" ("兩不愁三保障一相當") in three poverty-stricken villages in Lianzhou City, Qingyuan, and has achieved remarkable results in stable poverty alleviation. As of December 2019, the Group has contributed a total of RMB52.836 million in the aided villages, and all the poor households have been lifted out of poverty, with the per capita disposable income exceeding RMB13,000. We have deeply participated in the poverty alleviation program cooperation between the eastern and western regions, participated in the assistance pairing activities for 5 deeply poverty-stricken villages in Shedongguanxiang, Nayong County, Bijie City, and prepared the "GAC class" with Bijie City Vocational School. In 2019, the Group contributed over RMB79.2783 million in precision poverty alleviation and various public welfare charities. Meanwhile, the Group actively implemented industry counterpart assistance, including assisting in the revitalisation and development of the northwestern region of eastern Guangdong. The construction of Meizhou GAC Parts and Components Industrial Park has completed, while the Meizhou GAC Spring project has also completed and put into operation. The investment to be introduced to the industrial park is estimated to be approximately RMB1.6 billion in total, and the introduction of investment of RMB550 million has been completed by 2019. At the beginning of 2020, in the face of the outbreak of COVID-19, we also actively shouldered our corporate social responsibility in various ways, including donating more than RMB34.38 million in cash, masks, vehicles and other resources to support the prevention and control of the epidemic, and swiftly built equipment and production lines for the production of masks, so as to contribute to the alleviation of the shortage of epidemic protection and rescue materials.

In 2020, with the rapid transformation of industry competition from increment to stock, the process of market shuffling is further intensified, and the competition among mainstream enterprises will become more and more fierce. Meanwhile, the energy revolution, intelligent revolution and networking revolution of automobile industry are just unfolded, and innovative technology and business models are emerging. In particular, the global spread of COVID-19 at the beginning of the year increased the uncertainties in the macro-economy. The supply system of auto parts and components was disrupted, the progress of enterprises' resumption of work and production was slow, and the market demand seriously contracted, and as a result the automobile industry shall face a greater downward pressure. Facing a more complex internal and external situation, we will be pragmatic and adhere to our original aspiration, maintain our strategic focus. In addition to the prevention and control of the epidemic, we will accelerate on promoting various production recovery measures, find ways to ensure the supply of parts and components, actively explore production capacity, and make every effort to promote sales and reduce costs, strive to reduce the impact of the epidemic on production and operation of the Company, and unswervingly promote high-quality development. It is expected that the annual production and sales of automobiles will increase by approximately 3% on a year-to-year basis.

We will emphasise "stability" in our business operations. The operation of the Group will continue to strive to seek improvement in stability, focus on the mid-and-long term strategic planning, the "13th Five-Year Plan" strategic objectives and the "e-TIME Action" plan measures with an aim of ensuring the completion of the 2020 operation plan objectives. We shall strengthen the building of star models, optimise the product portfolio, further improve the ability of rapid launch of new products, constantly bring forth new products and timely meet the needs of consumers for innovation and change. To draw up the blueprint for the "14th Five-Year Plan", we shall adhere to the strategic guidance, and closely focus on the major strategic direction of transformation to a technology-based, service-oriented and digitalised enterprise.

Our business development will highlight "quality". We shall focus on quality control to further improve the construction of QDR (quality, durability and reliability) standards and evaluation system. The continuous strengthening of our digitalisation construction shall be customer-oriented. The traditional linear relationship among the vehicle factories, dealers and users shall be broken, and shall be substituted by a "golden triangle" structure among the three. We will also continue to improve the images of our sales outlets and deliver upgrade of informatisation and digitalisation, and proceed the construction of a digital marketing system and a specialised service system. Besides, we will also continuously improve the brand value, and comprehensively enhance the consumer experience of GAC brand.

Our business management will focus on "effectiveness". Continuing to increase incomes, reduce expenses and costs as well as enhancing efficiency is still our focus. We will strive to bolster cost reduction through market pressure, speed up the platforming, modularisation, standardisation and generalisation of products, in order to substantially reduce the costs of product development, production and manufacturing. The Group will focus on projects with strategic, leading, forward-looking and fundamental importance to maximise the efficiency of feature allocation and unleash its largest effectiveness. We focus on improving the integration mechanism of research, production and sales, and enhance synergy between and within the segments. We will continuously optimise the assessment mechanism of professional managers, and accelerate the reform of professional managers in investment enterprises. We will vigorously implement the mixed ownership reform and employee shareholding of investment enterprises such as Urtrust Insurance, mobile mobility and Da Sheng Technology to further enhance our corporate vitality.

Our development and reform will focus on "transformation". The Group will enhance technological capabilities, accelerate its transformation to a technological enterprise, and strive to further study and vigorously execute new industrial reform on the basis of the combination of new results of basic research and new technologies; strengthen digital capabilities, actively carry out digital transformation, and guide digital transformation with business strategies and deliver innovation and development with digitalisation; strengthen international capabilities, continue to cultivate existing markets, actively open up potential markets and fully tap market potential.

"I stand strong and firm though struck and beaten without rest, careless of the wind from north or south, east or west". 2020 is the decisive year for building a moderately prosperous society, and it also marks the end of the "13th Five-Year Plan". We will make concerted efforts to forge ahead and take "one centre, two unshakable, three changes and four reforms" as the main principle, and focus on quality and efficiency, adhere to cooperation with joint ventures and independent innovation, transform from manufacturing to creation, speed to quality, and product to brand. We shall promote reform of quality, reform of efficiency, reform of momentum and reform of system and mechanism, with an aim of advancing our new development and strive to become a world-class enterprise.

Last but not least, we thank all investors, customers, business partners and the public for their attention to and support of the GAC Group.

I. SUMMARY OF BUSINESS

The principal businesses of the Group consist of five major segments, namely R&D, manufacture of vehicles and motorcycles, parts and components, commercial services and financial services, which form a complete closed-loop industry chain.

1. R&D segment

The Group's R&D is based on GAEI, a directly funded and managed body, which is also a subsidiary of the Company and a relatively independent strategic business department operating within the authorised scope. It is mainly responsible for the Group's general development plan of new products and new technology, as well as implementation of significant R&D projects.

2. Manufacture segment

(1) Automobile manufacture is mainly conducted through subsidiaries, including GAMC and joint ventures, including GAC Honda, GAC Toyota, GAC FCA and GAC Mitsubishi.

Products: The Group's passenger vehicles include 15 series of sedans, 25 series of SUV and 3 series of MPV, details of which are set forth below:

Fuel-engined vehicle products of the Group include:

- GAC Trumpchi (GA3, GA4, GA5, GA6, GA8, GS3, GS4, GS5, GS7, GS8, GM6, GM8);
- GAC Honda Accord, Crider, Vezel, Odyssey, City, Fit, Avancier, Breeze, Acura CDX, Acura TLX-L, Acura RDX, etc.;
- GAC Toyota Camry, Highlander, Yaris L, Levin, C-HR, etc.;
- GAC FCA JEEP Cherokee, JEEP Renegade, JEEP Compass, Jeep Grand Commander, etc.;
- GAC Mitsubishi ASX, Outlander, Eclipse Cross, etc.;

Energy conservation and new energy products of the Group include:

- GAC Trumpchi GA3S•PHEV, GS4•PHEV, GE3, AION S, AION LX;

- GAC Honda Accord Sport Hybird, Odyssey Sport Hybrid, Breeze Hybrid, Acura CDX Hybrid, Shirui, VE-1;

- GAC Toyota Camry HEV, Levin HEV, Levin HEV E+, iA5;

- GAC FCA Yuejie • PHEV, JEEP Grand Commander PHEV;

- GAC Mitsubishi Qizhi•PHEV, Qizhi•EV;

The commercial vehicles are mainly manufactured by GAC Hino, a joint venture, and GAC BYD, an associated company. Main products include light and heavy trucks, construction vehicles and large to medium-sized passenger vehicles, etc.

Production capacity: During the reporting period, GAC New Energy increased production capacity of 100,000 units/year which commenced operation in May 2019; Yichang factory of GAMC increased production capacity of 200,000 units/year which commenced operation in June 2019. GAC Toyota's phase II production capacity expansion project with production capacity of 120,000 units was completed in December 2019. As at the end of the reporting period, the total vehicle production capacity amounted to 2,613,000 units/year.

Sales channel: The Group conducts automobile sales through sales outlets and online channels. As at the end of the reporting period, the Group, together with its joint ventures and associated companies, had 2,555 passenger vehicle 4S sales outlets covering 31 provinces, counties, autonomous regions and municipalities in the PRC.

(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 total production capacity of motorcycles of the Group was 1.25 million units/year.

3. Commercial services segment

Through its subsidiary, GAC Commercial, and its controlling and investee companies, Da Sheng Technology and associated companies and Tong Fang Logistics in the upstream and downstream of the automobile industrial chain, the Company carried on businesses in vehicle sales, logistics, international trading, second-hand vehicles, disassembling, resources recycling, supporting services, etc., and provided innovative mobility services to users through "On Time" (如祺出行).

4. Parts and components segment

The Group's production of parts and components was mainly carried out through the controlling, jointly-controlled, investee companies of GAC Component, a subsidiary and GAC Toyota Engine and Shanghai Hino, the Group's associated companies. The parts and components include engines, gearboxes, car seats, HVAC systems, auto lamps, automation accessories, redirectors, shock absorbers, etc. and accessories. About 74% of the products were whole vehicle accessories of the Group.

5. Financial segment

The Group provides financial investment, insurance, insurance broker, financial lease, automobile credit, and other related services mainly through its subsidiaries, namely GAC Finance, China Lounge Investments, GAC Capital, Urtrust Insurance, and its joint venture, GAC-SOFINCO.

II. INDUSTRY ENVIRONMENT

In 2019, China's economic operation still maintained in a reasonable range, stable yet promising, and the basic long-term rising trend remained unchanged. However, in the process of transformation and upgrade, the automobile industry was affected by, among others, Sino-US trade dispute, changes in environmental protection standards and reduction in new energy subsidies. The pressure has further increased and the market continued to decline, and the production and sales volume and key economic efficiency indicators of the industry all exhibited negative growth. The overall situation of the industry is as follows:

1. Annual vehicle production and sales volume further declined

In 2019, the production and sales volume of vehicles continued to be the first in the world, with the production and sales volume of 25,720,600 units and 25,768,700 units respectively, representing a decrease of 7.51% and 8.23% year-on-year, respectively, with the decline rate of 4.20 and 5.46 percentage points higher than those of the previous year.

Monthly sales volume of vehicles recorded negative growth consecutively, in which the decline was more severe in the first half of the year, while an upturn appeared in the second half of the year. The cumulative growth rate continued to narrow, but the overall pressure was still relatively intense.

2. The decline in production and sales of passenger vehicles was larger than that of the overall industry

In 2019, the production and sales volume of passenger vehicles amounted to 21,360,200 units and 21,444,200 units respectively, representing a year-on-year decrease of 9.22% and 9.56% respectively, and accounted for 83.05% and 83.22% respectively of the overall vehicle production and sales volume, which were 1.56 and 1.22 percentage points lower than those of last year respectively.

All of the four types of passenger vehicles showed negative growth. The production and sales volume of sedans dropped by 1,247,000 units and 1,234,400 units respectively, representing a year-on-year decrease of 10.86% and 10.70% respectively; the production and sales volume of SUV dropped by 599,900 units and 627,200 units respectively, representing a year-on-year decrease of 6.03% and 6.28% respectively.

3. *Year-on-year growth rate of new energy vehicles dropped significantly*

In 2019, as affected by the reduction in new energy subsidies, production and sales volume of new energy vehicles plunged in the second half of the year, which recorded 1,242,000 units and 1,206,000 units respectively, representing a year-on-year decrease of 2.3% and 4.0% respectively, while in 2018 the year-on-year growth of production and sales volume of new energy vehicles were 59.9% and 61.7% respectively.

The production and sales volume of purely electric powered vehicles amounted to 1,020,000 units and 972,000 units respectively, representing a year-on-year growth of 3.40% and decrease of 1.20% respectively; the production and sales volume of plug-in hybrid vehicles amounted to 220,000 units and 232,000 units respectively, representing a year-on-year decrease of 22.50% and 14.50% respectively; the production and sales volume of fuel-battery vehicles were 2,833 units and 2,737 units respectively, representing a year-on-year growth of 85.50% and 79.20% respectively.

4. *Market concentration on key automobile groups continued to rise*

In 2019, the sales volume of the top ten automobile groups totalled 23,294,000 units, decreased by 6.7% year-on-year, but was still 1.5 percentage points higher than the growth rate of the overall industry. It accounted for 90.4% of the total automobile sales, with an increase of 1.5 percentage points in the level of concentration from the corresponding period of last year.

III. ANALYSIS ON CORE COMPETITIVENESS

During the reporting period, the core competitiveness of the Group was mainly reflected in:

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

The Group has formed an industry strategic layout based in South China and radiating to Central China, East China, Northwest China and Bohai Rim Region and a complete closed-loop industrial chain centering upon manufacture of vehicles and covering R&D of vehicles and parts and components in the upstream and automobile business, financial service and mobile mobility in the downstream, which is one of the automobile groups in the PRC with the most integrated industrial chain and the most optimised industry layout. The synergy in the upstream and downstream of the industrial chain progressed gradually, new profit growth points were emerging and the comprehensive competitiveness of the Group has been constantly enhanced. During the reporting period, mobile mobility platform “On Time” (如祺出行) officially started operation, the GAC Zhilian New Energy Automotive Industrial Park Project proceeded as planned. GAC Aisin Gearbox Project and Powertrain II Factory Engine Phase I Project for GAMC were put into operation successively. Yichang plant of GAMC, smart ecological plant of GAC New Energy phase I and GAC Toyota production capacity expansion project (phase II, with production capacity of 120,000 units) were put into operation. The business layout has been further improved.

2. Advanced manufacturing, craftsmanship, quality and procedural management

The Group has comprehensive advantages in terms of manufacturing, craftsmanship, quality and procedural management which mainly include: (1) the world's leading quality advantage; (2) innovative advantage brought by "continuous improvement"; (3) cost advantage brought by the pursuit of excelsior.

3. Continuing to enrich product line and optimise product structure

The Group has a full range of products including sedans, SUV and MPV and continued to introduce new models and product iterations to maintain market competitiveness of its products in order to meet changes in demand of consumers. It maintained customer loyalty and a widely recognised brand reputation. During the reporting period, the Group continuously facilitated the development and introduction of new products, new vehicles and re-designed models such as GAC Trumpchi GM6, second generation GS4, GAC New Energy Aion S, Aion LX, GAC Honda Breeze, Odyssey Hybrid, GAC Toyota Levin (including HEV), etc. were successively launched by various vehicle factories, which has enriched the product variety and the proportion of new energy and energy conservation products has been continuously enhanced.

4. Creating the "GAC Model" for the R&D and production system of self-developed brand

After years of introduction, digestion, absorption and innovation, the Group accumulated funds, technology, talents and experience and formulated a world class production system. For R&D, through the integration of advantageous global resources and the establishment of a cross-platform and modular-structured forward development system, the Group has been equipped with the advantage of integrated innovation. During the reporting period, the Group has strengthened its independent control of core parts and components, and has completed the development of the first self-developed Miller loop 1.5TM engine and self-developed 7WDCT automatic gearbox. The Group has filed 1,455 patent applications, resulted in a total of 6,079 patent applications. 799 patents have been newly granted (including 166 invention patents), total patents granted have reached 3,723 (including 575 invention patents). Trumpchi GE3 won the gold medal of national class registered design patent for the first time. On 3 November 2019, the Group's "GAC low displacement gasoline engine platform technology research and product development" project won the first prize of the highest "Science and Technology Award" issued by Chinese Society of Internal Combustion Engine.

5. Building a new energy and smart network technology system

The Group has the world's leading purely electric powered vehicle exclusive platform and the first application of the deep-integrated "three-in-one" electric automobile system. ADiGO (Smart Driving and Connected) ecosystem, which possesses automatic driving system, IoT system, cloud platform and big data, is self-developed by the Group, and has the production level of L3 class automatic driving technology, and created Aion series, a new energy vehicle product system based on the new pure electricity exclusive platform. During the reporting period, Aion S, the first strategic model based on the pure electricity exclusive platform, and the luxury smart super-run SUV-Aion LX, were officially launched. Aion LX has been well received since launch with its high technology, high quality and high performance. ADiGO (Smart Driving and Connected) ecosystem, which is self-developed by the Group with support from Tencent, Huawei and various strategic partners, has been officially released to create an intelligent network vehicle ecosystem.

6. Connection to worldwide 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 and realise the maximisation of capital appreciation and corporate value through the integration of internal and external growth. The Company explored structural reform in governance, continued to improve medium and long-term incentive mechanism, continued to expand its investment and financing sector, optimised financing structure, and the role of finance in supporting the main business has been significantly enhanced.

IV. DISCUSSION AND ANALYSIS ON OPERATION

In 2019, in the process of transformation and upgrade, the automobile industry in China was impacted by, among others, Sino-US trade friction, changes in environmental protection standards and reduction of new energy subsidies, and faced a substantial pressure. In the face of the severe situation marked by the automobile industry's continuous downward trend, the Group focused on high-quality development and took various proactive and effective measures to overcome difficulties and maintain a stable operation. As a result, we achieved development which outperformed the overall industry and exhibited our strong developmental resilience through adversity.

1. Withstanding the downward pressure and maintaining stable operation

In the face of the severe situation of the declining market demands, each of the manufacturing enterprise under the Group stood up to challenges and outperformed the overall industry. Our star models, including Accord, Camry, Levin, Crider, Vezel, Highlander, Outlander, Avancier, GS4, Compass and Odyssey remained as hot sellers, while new vehicles models, including Trumpchi GM6, second generation GS4, upgraded GA6, Aion S, Aion LX, Breeze, Odyssey Hybrid, Vezel re-modelled, upgraded Levin (including HEV), Levin HEV E+ and Grand Commander PHEV launched successfully. Regarding parts and components segment, GAC Component actively introduced the integrated electric drive system, IGBT, bumpers and other related parts and components projects. The first production line of TNGA 2.0L engine of GAC Toyota Engine's TNGA project was fully put into mass production. As for the commercial services segment, GAC Commercial proceeded the construction of sales network, with 25 new sales outlets opened in the year. Da Sheng Technology explored the strategic upgrade from an open e-commerce enterprise to a digital technology-based enterprise. For the financial services segment, the penetration rate of retail loans of GAC-SOFINCO continued to rise and its performance reached another new high. Urtrust Insurance completed the acquisition of equity of Guang Ai Insurance Brokers Limited and made profit for two consecutive years. ArcSoft Technology and Guangzhou GRG Metrology & Test Co., Ltd., enterprise invested by GAC Capital, implemented IPO. GAC Finance actively carried out inventory financing business to provide support for manufacturing and sales of vehicles.

2. *Deepening reform and innovation while continuously enhancing corporate governance*

We comprehensively implemented the reform programme "Double Hundred Actions", launched the pilot project of Urtrust Insurance's employee stock ownership, carried out the reform of professional managers in investment enterprises, and established the sound fault tolerance mechanism, all of which have achieved substantial results. We have also implemented a new round of organisational reform, including establishment of new departments such as manufacturing business headquarter, parts and components business headquarter, commercial business headquarter, financial business headquarter and international business headquarter, with an aim of strengthening the integrated operation and communication and coordination efficiency of the research-production-sales of self-developed brands, and strengthening of the synergy of resources and strategies of R&D, manufacturing, parts and components, commercial and financial segments, so as to accelerate digital transformation and international business development, as well as further enhancing the management efficiency. Meanwhile, GAEI has simulated its operation as a legal person and established a board of directors; GAC FCA modified its operational mechanism and integrated the operation of GAC FCA and sales company under GAC FCA. The exercise of first phase of equity incentive plan has been completed, with a total of 59.3216 million shares exercised. Our corporate governance system has been continuously improved. During the reporting period, 17 new rules and regulations were added and 54 items in the Articles of Association and other rules and regulations were amended.

3. *Firmly implementing project construction and consolidating development foundation*

The GAC Zhilian New Energy Automotive Industrial Park Project proceeded as planned, and the smart ecological plant (phase I) of GAC New Energy was put into operation. Projects of GAC Aisin Gearbox, GAMC Powertrain II Factory Engine, GAC Times, Times GAC, Southern (Shaoguan) Intelligent Network Link New Energy Vehicle Testing Center have all commenced successively. Construction of Yichang factory of GAMC has been completed and put into operation, which is a benchmark factory of intelligent manufacturing with automatic production, digitalised information, intelligent management and ecological intelligent manufacturing. The construction of main structure of GAEI's Hualong R&D Base (phase II) has completed. GAC Toyota capacity expansion project (phase II with production capacity of 120,000 units) was completed and put into operation, and GAC Toyota new energy vehicle expansion project is implementing as planned. The construction project of GAC Honda's Zengcheng factory production capacity expansion (an increase of 240,000 units/year) has completed and is ready for production.

4. *Enhancing the capability of independent system formation and driving new momentum of development*

Integration of research, production and sales has been vigorously enforced for our independent brands. Development of vehicle models including second generation GS4, upgraded GA6, GM6, Aion S and Aion LX were completed and launched into market. Among them, the second generation GS4 is the first SUV built based on the brand new GAC global platform modular-structured GPMA, and also the world's first mass produced vehicle equipped with Wechat automotive version. Since the launch in April, the accumulated annual sales volume of Aion S reached 32,000 units, ranked second in the pure electric sedan market. Aion LX has become a new benchmark of self-developed pure electric vehicle with its own leading 650km NEDC endurance, its acceleration rivaling supercars (reaching 100km/h in just 3.9 seconds), and the L3 autonomous driving. We vigorously executed independent brand marketing innovation, built a "marketing golden triangle in the digital era" and launched the "4×2+1 project" to improve the digital marketing. Over 500 Trumpchi franchised stores have been upgraded in the year, and the "one-key exclusive service" (一鍵尊享服務) brand has been launched, by which we strive to build a digital specialised service system. We are committed to internationalisation, and devoted to the "One Belt One Road" market. This year, we have completed market development in 8 countries, including Israel and Cambodia, and we have plans formulated for 24 countries and regions around the world.

5. *Effectively protecting investors' interests and building a favourable image in capital market*

The Group continued to conduct information disclosure based on the principle of "being true, accurate, complete, timely, fair and effective". In 2019, the Company made disclosures of 156 and 126 corporate documents on the SSE and the Stock Exchange respectively on various matters without any error, delay, modification or supplement, and we have been assessed as "A-class" for four consecutive years in the annual assessment of information disclosure by the SSE. We enhanced communications with investors through various ways, including the e-interaction platform of the SSE, investor hotlines, roadshows, investors exchange forum. Over 1,500 investors and analysts have been entertained throughout the year. Besides, we have organised activities such as "Get to Learn the Quality of Shanghai Companies – "I am the Shareholder" (滬市公司質量行——「我是股東」) and "Visit GBA Listed Companies" (走進大灣區上市公司), allowing more medium to small investors to understand our Company in depth. In 2019, the Company was named the "Most Respectful Company in Asia" by the "Institutional Investor" magazine.

6. A well presented GAC story to steadily enhance our brand value

The Group actively made its appearance at international automobile shows in North America, Shanghai and Guangzhou etc. Besides, we leveraged on significant promotion opportunities such as the NPCSC and CPPCC, Boao Forum, the 70th anniversary of the People's Republic of China and the Understanding China Conference, to well present GAC and strengthen our brand image. GAC Trumpchi was named "the top ten new brand of the year" by China Media Group in the Chinese brands ceremony 2019 (中國品牌強國盛典活動).

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 RMB355.090 billion, representing a decrease of approximately RMB8.595 billion or approximately 2.36% as compared with the corresponding period last year.

During the reporting period, sales revenue of the Group amounted to approximately RMB59.704 billion, representing a decrease of approximately 17.51% as compared with the corresponding period last year; net profit attributable to owners of the parent company amounted to approximately RMB6.616 billion, representing a decrease of approximately 39.30% as compared with the corresponding period last year. Basic earnings per share amounted to approximately RMB0.65, representing a decrease of approximately RMB0.42 as compared with the corresponding period last year.

The major factors leading to the variation of results during the reporting period included:

1. In 2019, in light of the increasingly downward pressure on the economy, the domestic automobile industry constantly experienced a negative growth in terms of production and sales. Under the severe environment, the Group has taken the lead in high-quality development and adopted various positive and effective measures, adhered to positive research and development, independent innovation, accelerated the introduction of new products, and continuously enhanced the product power. In 2019, the global research and development system once again advanced to a new level. Vigorously promoting the integration of research, production and sales of self-developed brands, successively launching the second MPV model Trumpchi GM6, new generation GA6, and the second generation of the traditional model GS4, as well as launching self-developed new energy vehicles Aion S and Aion LX to further enrich the star product portfolio of self-developed brand. Among which, the sales of self-developed new energy vehicles continued to increase despite the unfavourable trend, with annual sales volume exceeding 40,000 units, doubling in growth as compared with the corresponding period last year.

2. Japanese series joint ventures launched new products and technologies which further enhanced integrated competitiveness. Sales volume of the brand new 8th generation Camry increased significantly as compared with the corresponding period last year. Sales volume of the 10th generation Accord grew steadily. Among which, GAC Honda newly launched the Odyssey Hybrid, re-modelled Vezel, Breeze. GAC Toyota launched the new generation Levin and the first pure electric sedan iA5, with satisfactory market response. The production and sales volume of GAC Honda and GAC Toyota both achieved positive growth as compared with the corresponding period last year.

3. Ancillary businesses in the upstream and downstream of the industrial chain such as financial services, parts and components and commercial services were affected to a certain extent alongside with the changes in production and sales volume of self-developed brand and joint ventures. However, the synergistic effect among business segments continued to emerge which facilitated the development of principal businesses. Among which, the Group officially released the mobile mobility platform "On Time" (如祺出行) in June 2019, and launched a pilot market operation in Guangzhou to further improve the outbound service segment of GAC Group, promoted the enhancement and up-grading of the industry chain and promoted the high-quality development of the Group to a new stage. GAC Finance continued to improve its financial services capabilities, and major progress was made in new businesses to support the Group's main business development needs.

As at 31 December 2019, calculated based on the proportion of shareholdings of the Group in the joint ventures, the total liabilities and total revenues of jointly controlled entities amounted to RMB65.341 billion and RMB124.238 billion 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	597.04	723.80	-17.51
Costs of sales	571.81	608.36	-6.01
Selling and distribution costs	45.53	50.73	-10.25
Administrative expenses	35.90	45.19	-20.56
Finance costs	5.16	4.59	12.42
Interest income	4.62	5.56	-16.91
Share of profit of joint ventures and associates	93.99	87.53	7.38
Net cash flow generated from operating activities	-23.88	-23.38	-2.14
Net cash flow generated from investing activities	-0.52	-51.48	98.99
Net cash flow generated from financing activities	-17.11	-20.12	14.96

1. Analysis on revenue and cost

During the reporting period, revenue of the Group amounted to approximately RMB59.704 billion, representing a decrease of approximately 17.51% as compared with the corresponding period last year. This was mainly due to the sales volume of the Group's vehicles declined as a result of the continuous negative growth in production and sales volume of the domestic automobile industry and the impact of changes in domestic policies.

During the reporting period, the Group recorded total cost of sales of approximately RMB57.181 billion, representing a decrease of approximately 6.01% as compared with the corresponding period last year. Total gross profit amounted to approximately RMB2.523 billion, representing a decrease of approximately RMB9.021 billion or 78.14% as compared with the corresponding period last year. The gross profit margin decreased by 11.72 percentage points as compared with the corresponding period last year, mainly due to the combined effect of reduced revenue resulting from the decline in production and sales volume, and reduced cost scale effect.

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 (%)
Automobile manufacturing industry	360.60	354.93	1.57	-28.44	-16.16	-90.18
Auto-parts manufacturing industry	24.74	23.46	5.17	-14.16	-6.38	-60.38
Commercial services	188.51	179.57	4.74	15.13	17.96	-32.57
Financial services and others	23.19	13.85	40.28	-15.05	79.40	-43.84
Total	597.04	571.81	4.23	-17.51	-6.01	-73.48

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	360.39	354.80	1.55	-28.46	-16.18	-90.29
Vehicles related trades	213.25	203.03	4.79	10.74	14.52	-39.60
Financial services and others	23.40	13.98	40.26	-14.85	79.92	-43.87
Total	597.04	571.81	4.23	-17.51	-6.01	-73.48

Principal business by region

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	595.38	571.74	3.97	-17.72	-6.01	-75.09
Hong Kong	1.66	0.07	95.78	730.00	0.00	47.35
Total	597.04	571.81	4.23	-17.51	-6.01	-73.48

Analysis of sales and production

Unit: Vehicle

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	53,721	58,365	1,716	-10.29	4.40	-73.07
SUV	268,161	267,453	18,991	-40.81	-40.10	3.55
MPV	57,437	58,760	3,437	53.11	79.45	-28.05

Illustration on production and sales volume: mainly from the production and sales data of the GAMC consolidated report.

Sales to major customers

Unit: 100 million Currency: RMB

Customers	Revenue	Ratio to revenue (%)
Total sales to top 5 clients	29.64	5.00

Major Suppliers

Unit: 100 million Currency: RMB

Suppliers	Amount of procurement	Ratio to total procurement (%)
Total procurement from the top 5 suppliers	133.44	24.20

Amount of procurement fees paid to the largest supplier of the Group accounted for 8.36% of the total amount of procurement fees of the Group for the year.

During the year, to the directors' knowledge, no directors, supervisors or their close associates or shareholders holding more than 5% of the Company's share capital has any interest in the top 5 suppliers.

2. Expenditures

(1) The decrease of approximately RMB520 million in selling and distribution cost as compared with the corresponding period last year was mainly due to the combined effect of the decrease of advertising promotion and marketing expenses during the reporting period as compared with the corresponding period last year.

(2) The decrease of approximately RMB929 million in administrative expenses as compared with the corresponding period last year was mainly attributable to the combined effect of the year-on-year decrease in the allocation of expenses of A share option incentive during the reporting period.

(3) The increase of approximately RMB57 million in finance costs as compared with the corresponding period last year was mainly attributable to the combined effect of the year-on-year increase in borrowing, hence the increase in interest expenses during the reporting period.

(4) The decrease of approximately RMB94 million in interest income as compared with the corresponding period last year was mainly attributable to the combined effect of the decrease in production and sales resulting in a reduction of funds and a decrease in interest income during the reporting period as compared with the corresponding period last year.

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	9.59
Capitalised research and development expenses for the period	43.17
Total research and development expenditures	52.76
Percentage of total research and development expenditures over total revenue (%)	8.84
Number of research and development staff	6,222
Number of research and development staff over total number of staff (%)	17.62
Percentage of capitalised research and development expenditures (%)	81.82

(2) During the reporting period, expenditures in research and development amounted to approximately RMB5.276 billion, representing an increase of RMB387 million as compared with the corresponding period last year, mainly attributable to the Group's continuous effort to enhance self-developed research and development and innovation capacity along with the advancement of the development projects of traditional energy vehicle model and new energy vehicle model as well as research and development of core parts and components.

4. Share of profit of joint ventures and associated companies

During the reporting period, the Group's share of profit of joint ventures and associates was approximately RMB9.399 billion, representing an increase of approximately RMB646 million as compared with the corresponding period last year, mainly as a result of the combined effect of the increase in profit of Japanese joint ventures, the decrease in profit of European and American joint ventures, and the decrease in profit of upstream auto-parts associated companies resulting from the decrease in production and sales volume.

5. Cash flows

(1) During the reporting period, net cash outflow generated from operating activities amounted to approximately RMB2.388 billion, representing an increased outflow of approximately RMB50 million, as compared with net cash outflow of approximately RMB2.338 billion in the corresponding period last year, mainly due to the combined effect of the corresponding reduction in operating receipts and payments and decreased tax expenses resulting from the decrease in sales volume during the reporting period;

(2) During the reporting period, net cash outflow generated from investment activities amounted to approximately RMB52 million, representing a decreased outflow of approximately RMB5.096 billion, as compared with net cash outflow of approximately RMB5.148 billion in the corresponding period last year, mainly due to the combined effect of the increased receipts of dividends from investee enterprises and the decreased time deposits during the reporting period;

(3) During the reporting period, net cash outflow generated from financing activities amounted to approximately RMB1.711 billion, representing a decreased outflow of approximately RMB301 million, as compared with net cash outflow of approximately RMB2.012 billion of the corresponding period last year, mainly due to the combined effect of the increase in investment absorption by subsidiaries during the reporting period;

(4) As at 31 December 2019, cash and cash equivalent of the Group amounted to approximately RMB23.605 billion, representing a decrease of approximately RMB4.125 billion as compared with approximately RMB27.730 billion as at 31 December 2018.

6. Others

Income tax amounted to approximately RMB-417 million, representing a decrease of approximately RMB1.338 billion as compared with the corresponding period last year, mainly due to the change in profit of certain subsidiaries during the reporting period.

To sum up, the Group's net profit attributable to owners of the parent company for the reporting period was approximately RMB6.616 billion, representing a decrease of approximately 39.30% as compared with the corresponding period last year; basic earnings per share amounted to approximately RMB0.65, representing a decrease of approximately RMB0.42 as compared with the corresponding period last year.

(II) ANALYSIS OF ASSETS AND LIABILITIES

1. Analysis table of assets and liabilities

Unit: 100 million Currency: RMB

Item	Balance at the end of current period	Balance at the end of 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 (%)
Prepayments and other long-term receivables	41.41	3.01	28.27	2.14	46.48
Financial assets at fair value through profit or loss – non-current	31.37	2.28	15.89	1.20	97.42
Property, plant and equipment	193.96	14.11	163.18	12.35	18.86
Borrowings – current	61.69	4.49	28.29	2.14	118.06
Trade and other payables – current	336.16	24.45	357.86	27.08	-6.06

2. Analysis on change

(1) Prepayments and other long-term receivables: mainly due to the combined effect of the increase in finance lease receivables during the reporting period;

(2) Financial assets at fair value through profit or loss – non-current: mainly due to the combined effect of the increase in investment in financial products by financial enterprises during the reporting period;

(3) Property, plant and equipment: mainly due to the combined effect of the increase in fixed assets along with the construction of capacity expansion of GAMC and construction of factories for new energy vehicles during the reporting period;

(4) Borrowings – current: mainly due to the combined effect of the transfer of RMB2 billion corporate bonds and RMB300 million medium-term notes maturing in 2020 and the issuance of RMB400 million short-term financing bonds during the reporting period;

(5) Trade and other payables – current: mainly due to the combined effect of the corresponding decrease in payables for the purchase of raw materials and payables to the distributing outlets along with the decrease in production and sales volume during the reporting period.

(III) ANALYSIS OF FINANCIAL POSITION

1. Financial indicators

As at 31 December 2019, the Group's current ratio was approximately 1.36 times, representing a decrease from approximately 1.64 times as at 31 December 2018, and quick ratio was approximately 1.20 times, representing a decrease from approximately 1.48 times as at 31 December 2018, which were within reasonable range.

2. Financial resources and capital structure

As at 31 December 2019, the Group's current assets amounted to approximately RMB56.865 billion, current liabilities amounted to approximately RMB41.775 billion and current ratio was approximately 1.36 times.

As at 31 December 2019, the Group's total borrowings amounted to approximately RMB13.861 billion, mainly consisting of corporate bonds issued by the Group with nominal value of RMB3 billion and RMB2 billion respectively, two tranches of medium-term notes both with nominal value of RMB0.3 billion, convertible bonds with closing balance of approximately RMB2.551 billion, short-term bonds with closing balance of approximately RMB400 million and loans from bank and financial institutions with closing balance amounting to approximately RMB5.070 billion, etc. The above loans and bonds are payable upon maturity. The Group generally funds its business and operational capital needs with its own working capital.

As at 31 December 2019, the Group's gearing ratio was approximately 14.38%. (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 procurement of the Group in the PRC were 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 2019, third-party guarantee committed by the Group amounted to RMB0, whereas that as at 31 December 2018 was RMB0; as at 31 December 2019, financial guarantee given by the Company to its subsidiaries amounted to RMB0, and that as at 31 December 2018 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 (%)
GAC Honda	650,000 units	77.66	119.48
GAC Toyota	600,000 units	67.06	139.71
GAMC (include GAC New Energy)	820,000 units	37.93	55.92
GAC Mitsubishi	200,000 units	12.80	64.00
GAC FCA	328,000 units	6.57	20.03
GAC Hino	10,000 units	0.35	35.00
GAC BYD	5,000 units	0.02	4.00

Notes:

1. Production capacity during the reporting period refers to the actual production capacity during the reporting period.

2. Production capacity of GAC Honda had integrated that of the original Honda (China). Zengzheng factory of GAC Honda production capacity expansion (addition of 240,000 units/year) project phase II commenced production in February 2020.

3. GAC Toyota production capacity expansion project phase II of 120,000 units was completed in December 2019, and the actual production capacity utilisation rate for the reporting period was 139.71%.

4. Production capacity of Yichang factory of GAMC was 200,000 units/year, which commenced production in June 2019; production capacity of GAC New Energy was 100,000 units/year, which commenced production in May 2019.

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
Production capacity expansion project for the addition of 200,000 units of new energy vehicles for GAC self-developed brand passenger vehicle	469,400	65,028	311,817	Phase One (100,000 units) completed and commenced production in December 2018; Phase Two (100,000 units) shall commence construction according to the market situation.	200,000 units
Production capacity expansion project of Zengcheng factory of GAC Honda (addition of 240,000 unit/year)	310,221	39,300	307,256	Phase One (120,000 units) commenced production in October 2015; Phase Two (120,000-240,000 units) commenced production in February 2020.	240,000 units
GAC Toyota new energy vehicle expansion project (phase I and phase II)	1,132,988.6	196,077	196,077	2022	400,000 units

Production capacity calculation standards

Calculated based on standard production capacity and two production shifts.

2. Sales and production volumes 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	2,058,500	2,138,543	–3.74	2,020,161	2,184,910	–7.54
Sedans	1,108,722	986,524	12.39	1,090,750	1,011,920	7.79
MPV	103,241	78,243	31.95	100,623	82,602	21.82
SUV	846,537	1,073,776	–21.16	828,788	1,090,388	–23.99
Commercial vehicle	3,660	9,349	–60.85	3,653	9,100	–59.86
Passenger vehicle	142	5,046	–97.19	137	5,046	–97.28
Truck	3,518	4,303	–18.24	3,516	4,054	–13.27
Total	2,062,160	2,147,892	–3.99	2,023,814	2,194,010	–7.76

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 last year (%)	Overseas sales (units) Total number for the year	Total number for last year	Changes in sales volume compared with the corresponding period last year (%)
Passenger vehicle	2,033,824	2,120,739	–4.10	24,676	17,804	38.60
Sedans	1,092,933	972,337	12.40	15,789	14,187	11.29
MPV	102,901	78,168	31.64	340	75	353.33
SUV	837,990	1,070,234	–21.70	8,547	3,542	141.30
Commercial vehicle	3,660	9,349	–60.85	–	–	–
Passenger vehicle	142	5,046	–97.19	–	–	–
Truck	3,518	4,303	–18.24	–	–	–
Total	2,037,484	2,130,088	–4.35	24,676	17,804	38.60

Note: The above sales and production data includes that of the joint ventures.

3. New energy vehicle business

Production capacity of new energy vehicles

The smart ecological plant (phase I) of GAC New Energy (with production capacity of 100,000 units per year) commenced production in May 2019.

Sales and production volumes of new energy vehicles

	Sales volume (units)			Production volume (units)		
Vehicle types	**Total number for the year**	**Total number for last year**	**Changes in sales volume compared with the corresponding period last year (%)**	**Total number for the year**	**Total number for last year**	**Changes in production volume compared with the corresponding period last year (%)**
Passenger vehicle	42,224	20,045	110.65	43,078	20,014	115.24

Income and subsidies for new energy vehicles

Unit: '0,000 Currency: RMB

Vehicle types	**Income**	**Subsidy for new energy vehicle**	**Ratio of subsidy (%)**
Passenger vehicle	491,819	86,139	17.51

VII. MATERIAL DISPOSAL OF ASSETS AND EQUITY INTEREST

Nil.

VIII. ANALYSIS OF MAJOR SUBSIDIARIES AND ASSOCIATES

GAC Honda, GAC Toyota and GAMC are the key joint ventures and subsidiaries of the Group. During the reporting period, the three companies integrated their respective positions in their operations with the trend of development of the industry, actively adopted effective measures including strengthening production, innovative marketing, reducing costs and improving efficiency, and achieved steady development. In particular, GAC Toyota and GAC Honda achieved an exceptional results in sales and production, outperforming the overall market. Among that:

The production and sales of GAC Honda were 762,390 units and 770,884 units, representing an increase of 1.56% and 3.98% as compared to the corresponding period of last year; operating income was RMB105.71144 billion, representing an increase of 8.03% as compared to the corresponding period of last year;

The production and sales of GAC Toyota were 670,554 units and 682,008 units, representing an increase of 11.88% and 17.59% as compared to the corresponding period of last year; operating income was RMB98.05427 billion, representing an increase of 17.12% as compared to the corresponding period of last year;

The production and sales of GAMC were 379,319 units and 384,578 units, representing a decrease of 31.09% and 28.14% as compared to the corresponding period of last year; operating income was RMB40.72182 billion, representing a decrease of 26.89% as compared to the corresponding period of last year.

IX. STRUCTURED ENTITIES UNDER THE CONTROL OF THE COMPANY

Nil.

X. DISCUSSION AND ANALYSIS ON THE COMPANY'S FUTURE DEVELOPMENT

(1) Industry layout and trend

In 2020, due to the increase of uncertainties in the macro economy, insufficient consumer confidence, intensified industry competition, the implementation of national six emission standards and dual-point, coupled with the impact of COVID-19 epidemic at the beginning of the year, the automobile industry will face greater downward pressure. The development and trend of the automobile industry will present the following characteristics:

1. COVID-19 epidemic intensifies downward pressure on the industry

Hubei province, where the epidemic situation was disastrous, and Guangdong and Zhejiang regions where the epidemic situation were rather serious, are major provinces for automobile industry and significant bases for many parts and components enterprises. Since the whole vehicle factory supply covers the entire country, coupled with the long industrial chain, the epidemic will not only directly affect the production and sales volume of the local whole vehicle enterprises, but will also affect the parts and components supply nationwide in the short term, thus restricting the production pace of the whole vehicle. Meanwhile, the epidemic also caused a significant decline in domestic demand for vehicles and consumption capacity in the short term, and increased the potential risk of capital chain fracture of small and medium-sized enterprises. Nonetheless, once the epidemic is over, the suppressed consumption demand is expected to be released in the short term, and individuals' concerns about the safety of public transportation will be intensified, which will boost the demand for individual first-time vehicle purchase.

2. *The country is expected to further introduce policies to encourage automobile consumption*

In February 2020, General Secretary Xi Jinping stated in his speech that the government shall actively stabilise traditional high consumption such as automobiles, and encourage regions with limited automobile purchase to appropriately increase the quota of automobile license plates, so as to boost the consumption of automobiles and related products. The Ministry of Commerce also indicated that it will, together with relevant departments, study the introduction of policies to further stabilise automobile consumption, and encourage local regions to introduce measures to promote new energy vehicle consumption, increase the purchase limit index of conventional vehicles, and carry out the replacement of old vehicles with new ones, in order to promote automobile consumption. Eleven departments, including the National Development and Reform Commission, the Ministry of Science and Technology and the Ministry of Industry and Information Technology jointly issued the "Smart Car Innovation and Development Strategy" (《智能汽車創新發展戰略》), which will play an effective leading role in the smart car industry chain. In March, the city of Guangzhou issued "Various Measures regarding Guangzhou City's Determination to Triumph in the Battle in Preventing, Controlling and Defeating COVID-19 Epidemic and Accomplish the Mission of Achieving the Annual Economic and Social Development Objectives" (《廣州市堅決打贏新冠肺炎疫情防控阻擊戰努力實現全年經濟社會發展目標任務的若干措施》), which shall offer subsidies to consumers for new energy vehicles and car replacement, so as to lift automobile consumption. It is expected that in 2020, more favourable policies will be introduced to ease the downward pressure on the automobile market, such as lessening purchase restrictions, car replacement and supporting the development of new energy vehicles.

3. *Transformation and upgrade of automobile industry intensifies industry reshuffling*

Driven by a new round of scientific and technological revolution and industrial transformation, the automobile industry is accelerating the trend of intellectualisation, electrification, digitalisation and sharing. New driving forces, led by new energy vehicles and intelligent network vehicles are growing, while new business models such as intelligent transportation and shared commuting are rising rapidly. The domestic automobile industry is in the critical period of changing the development model, optimising the industrial structure and transforming the growth from high-speed growth to high-quality development. The automobile market is transforming from the sales market to the inventory market. The market shuffling process is further intensified, and the market-oriented competition situation will become increasingly fierce.

(2) Corporate development strategy

During the period of the "13th Five-Year Plan", the Group has adhered to the development principle of "internal collaborative innovation and external open cooperation", completed one goal, consolidated five major segments, highlighted one key point and achieved three breakthroughs. The goal was to achieve automobile production capacity of 3 million vehicles, capacity utilisation rate of 80% and become an advanced automobile group by the end of the "13th Five-Year Plan" period. Strength in five segments, R&D, whole vehicle, auto parts, commercial service and financial service, were to be consolidated. The one key point was to develop self-developed brand with full strength and make strides in self-developed brand development. The Group strove to make major breakthroughs in electrification, internationalisation and connected vehicles.

In the future, the Group has put forward its vision and mission for development in the new stage: "In 2027, which marks the 30th anniversary of the establishment of the Company, the Group will strive to become one of the world's top 100 enterprises. In 2037, which marks the 40th anniversary of the establishment of the Company, the Group will strive to become a world-class enterprise with global competitiveness.".

(3) Operational plan

In 2020, the Group's work policy is: follow the guidance of Xi Jinping's vision on socialism with Chinese characteristics for a new era, understand in depth the spirit of the 19th CPC National Congress and the second, third and fourth plenary sessions of the CPC Central Committee, thoroughly implement the important speeches delivered by General Secretary Xi Jinping to Guangdong and significant directions and instructions, seriously execute the spirits of the 8th meeting of 12th Provincial Party Committee and 9th meeting of 11th City Party Committee, take "one centre, two unshakables, three changes and four reforms" as the main principle, and focus on quality and efficiency, adhere to independent innovation and cooperation with joint ventures, accelerate the transformation from manufacturing to creation, speed to quality, and product to brand. The Group shall thoroughly deliver reform of quality, efficiency, momentum, system and mechanism, focusing on the Group's medium and long-term development plan, and the "13th Five-Year Plan" and the e-TIME Action Plan, adhere to the general tone of seeking progress while maintaining stability, coordinate and advance market expansion, stable growth, innovation, reform, strong momentum, risk prevention and other work, extensively carry out activities of increasing revenue and reducing costs, grasp the pace of investment, strive to achieve the annual task objective, facilitate the GAC Group to accelerate digital transformation and upgrade, and achieve high-quality development.

In 2020, in the face of a sudden outbreak of COVID-19 pneumonia, the Group will accelerate various production recovery measures with respect to the prevention and control of the epidemic, and strive to reduce the impact of the epidemic on the Group's production and operation. It is estimated that the annual production and sales of automobiles will increase by approximately 3% on a year-to-year basis. With an aim of further improving the product structure and enhancing the comprehensive competitiveness, the Group plans to launch 19 new and re-modelled models, including 8 self-developed brand models: GAC Trumpchi second generation GS4 PHEV and Coupe version, re-modelled models GA8, GM8 and GS3, GAC New Energy pure electric medium-sized SUV, compact crossover model, GAC Nio's first model HYCAN 007; and 11 joint venture models: GAC Honda Breeze Hybrid, Crider Hybrid, re-modelled Avancier, Fourth Generation Fit, re-modelled VE-1, re-modelled Acura CDX, GAC Toyota Wildlander (including HEV), C-HR EV, the re-modelled GAC FCA Jeep Compass and the re-modelled GAC Mitsubishi ASX.

The main operational measures are as follows:

1. Stick to the goal and dedicate ourselves to secure stable growth. Continue to increase revenue, reduce expenditure, reduce costs and increase efficiency, fully develop business potential, and launch the "14th Five-Year Plan".

2. Adhere to the concept of "customer first" and create a new marketing experience. Highlight the cultivation of star models, focus on quality control and cost control, build a digital "golden triangle" sales service system with a focus on customer experience, and expand the service ecosystem.

3. Adhere to innovation and improve the core competitiveness. Improve the research, production and sales integration mechanism, enhance the efficiency of integrated operation, communication and coordination of independent brands, strengthen core technical capabilities, and enhance the capacity of independent innovation systems.

4. Stand firm without fear, cultivate new driving forces comprehensively. Implement the GAC Zhilian New Energy Automotive Industrial Park project, promote the development of key system components of intelligent network to achieve interim results, constantly enrich the new energy vehicle product portfolio, accelerate the Group's digital transformation, and actively innovate the mobile mobility operation model.

5. Constantly welcome cooperation and integrate resources for win-win results. Firmly implement internationalisation, improve the level of joint venture cooperation, and advance open innovation and integration of different sectors.

6. Reform relentlessly to realise high quality development. Implement the task of "Double-Hundred Reform", continue to optimise the assessment mechanism for professional managers, accelerate the implementation of the reform of professional managers in investment enterprises, continue to enhance brand value, and actively fulfill social responsibilities, and shoulder the responsibilities of strict party governance, business integrity, safe production, stability maintenance and comprehensive management, and risk prevention and control.

(4) Possible risks

1. Industry risks

(1) Risks of fluctuation of macro environment

The automobile industry is mostly influenced by the domestic overall economic development level, and the automobile consumption will either be stimulated or inhibited by the pace of economic growth. In addition, out of the economic globalisation, the automobile industry is also influenced by the international macro environment and the international situation. The Sino-US trade friction in recent years, combined with the COVID-19 sudden global outbreak severely aggravated the uncertainties in the macro economy, which also further intensified the impacts on the automobile industry.

(2) Competition in the industry is increasingly fierce

Although the pressure on China's automobile industry has been further increased, and the drop in production and sales volume have broadened by 3.3 and 5.4 percentage points respectively as compared with the preceding year, both production and sales have exceeded 25 million units and continued to outrun the rest of the world, and China remained as the market focused and invested by major global automobile enterprises. Meanwhile, the market concentration of key automobile groups has increased during the reporting period, but the market share of self-developed brands has declined significantly. Competition between joint ventures and local enterprises, foreign brands and self-developed brands, and among self-developed brands has become increasingly fierce.

(3) Risks of industrial reform

Under the backdrop of the energy shortage and enhanced environmental protection awareness, new energy vehicle technology is becoming the focus of the automobile enterprises and the orientation of automobile technical reform.

On February 24, the relevant national ministries and commissions jointly issued the "Smart Car Innovation and Development Strategy" (《智慧汽車創新發展戰略》), which clearly indicated that by 2025, the technological innovation, industrial ecology, infrastructure and facilities, regulatory standards, product supervision and network security system regarding standard smart vehicles in China will be established fundamentally, and the conditional autonomous (L3) vehicles shall achieve large-scale production by 2025.

The development of new energy vehicles is greatly influenced by national policies. Under the new national strategic planning, higher requirements are imposed on the R&D and technology of new energy vehicles of automobile enterprises, especially in areas regarding intelligent networking and automatous driving. In addition, adjustment of subsidy policies will also cast an impact on the sales of new energy vehicles. In the case that cost control does not correspond to the adjustment of subsidies, it will inevitably lead to excessively high cost and lower the product competitiveness.

2. *Operational risks*

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

The Group established close relationship of cooperation with international partners such as Honda, Toyota, FCA, Mitsubishi and Hino. Joint venture enterprises established with such partners had a significant influence on the operational results of the Company. The Company continued to nurture self-developed capabilities and accumulate core technologies. In September 2010, the Company succeeded in developing the first self developed brand of passenger vehicle, Trumpchi. After years of development, the Company gradually came up with many different models such as sedans, SUV and MPV, as well as succeeded in releasing “star” models such as GS4, GS8, GS7, GM8 and GM6, obtaining recognition from vast consumer base and self-developed brand series thus rose to form a triangular landscape with Japanese series, European and American series. Judging from the current situation, the Group’s operating results tend to be more susceptible to the influence of the joint ventures such as GAC Honda, GAC Toyota, GAC FCA and GAC Mitsubishi. If there are fluctuations in the financial positions and the operational results of the joint ventures, the financial position and the operational results of the Group may be subject to adverse effects.

(2) Risks of fluctuation in 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 for 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 parts and component manufacturing 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 still 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 ability to continuously launch popular products

The ability to continue to release products that will be popular in the market directly affects the sales of products and the operational results of the Group. The Group needs to continuously and timely improve the existing products and develop and introduce new products in response to the market demand, so as to consolidate its position in the market and increase share in the targeted segment markets. In the recent years, the Group and the joint venture enterprises released a number of competitive new models in the market, such as Trumpchi GS4, GS8, GM8, GM6, GAC Honda Accord, Avancier, Vezel, GAC Toyota Highlander, Camry, Levin and GAC Mitsubishi Outlander, which motivated the steady growth of the overall sales. If we fail to continuously develop and produce competitive products in the future and fail to achieve certain level of market share within a reasonable time to form the economies of scale, then we may not be able to achieve the planned operational goals, and cause adverse effects to the business, financial positions and the operational results of the Group.

3. Risks of policies

(1) Risks of product recall

In recent years, China has been stricter with 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, which amended and supplemented the Regulations for the Administration of the Recall of Defective Automotive Products (《缺陷汽車產品召回管理規定》) pursuant to which automobile manufacturers are required 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 specifies the liability of repair, exchange and return of household automotive products. According to the information of the State Administration for Market Regulation (國家市場監督管理總局), in 2019 there were 167 recalls in the Chinese automobile market, involving 6,809,700 units of defective automobiles from 56 brands in total. Although such figures were lower than those of the same period last year, the recalling scale is still enormous. As the supply chain of the automobile industry is rather long and complicated, the risks of quality control are relatively high. If the products of the Group are recalled, the sales and results of the Company may be adversely affected.

(2) Risks of adjustments to vehicle consumption 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, and is also an industry operating with a higher degree of market mechanism with intense competition. Especially with the adjustment to vehicle consumption policies, such as the implementation of the Measures for the Parallel Administration of the Average Fuel Consumption and New Energy Vehicle Credits of Passenger Vehicle Enterprises (《乘用車企業平均燃料消耗量與新能源汽車積分並行管理辦法》) which requires the automobile enterprises to make adjustments and a reasonable layout to product structure to fulfill the requirements of Double Points Measure, which as a result, will surely increase the risk of operation of enterprises. Moreover, with increasing pressure on urban transportation, more cities also promulgated policies to control the total number of vehicles and such policies may have certain negative impact on the local automobile consumption. In the future, the government may also carry out further adjustment to the automobile consumption policy, which may have a relatively large impact on the production and consumption of the automobile market.

4. Risks of epidemic

The global COVID-19 epidemic has continued since the end of last year, which has hindered the mobility of people and logistics, resulting in the postponement of work and production resumption, the rupture of the supply chain of parts and components, as well as disruption in the usual operation of the industry. Meanwhile, industries such as transportation and logistics, catering, tourism, shopping malls, film and television are all affected significantly by the epidemic. A reduction in people's income and the further weakening of consumption may have an impact on the production and sales of automobile.

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 has complied 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. Lan Hailin 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 evaluated on internal control system. The audit committee has also reviewed the results and financial statements of the Group for the year ended 31 December 2019.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Nil.

DIVIDEND

The Board recommended the payment of a final dividend for the year ended 31 December 2019 of RMB0.15 per share (Total dividend for 2019: RMB0.2 per share) (Total dividend for 2018: RMB0.38 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" or "associated enterprises"	all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights of such entities
"Board"	the board of directors of the Company
"China Lounge Investments"	China Lounge Investments Limited, a wholly-owned subsidiary incorporated in Hong Kong
"Company" or "GAC"	Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司)
"Da Sheng Technology"	Da Sheng Technology Co., Ltd. (大聖科技股份有限公司), which was incorporated on 8 June 2016 and in which the Company and Urtrust Insurance hold 60% equity interest in total

"GAC Aisin"	GAC Aisin Automatic Gearbox Co., Ltd. (廣汽愛信自動變速器有限公司), which was incorporated in December 2018 and funded by GAMC (a wholly-owned subsidiary of the Company), AISIN AW Co., Ltd. and Aida (China) Investment Co., Ltd., and the Company holds 40% of its equity interest
"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"	GAC Component Co., Ltd. (廣汽零部件有限公司) (formerly known as 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 FCA"	GAC Fiat Chrysler Automobiles Co., Ltd. (廣汽菲亞特克萊斯勒汽車有限公司) (formerly known as 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.
"GAC Finance"	Guangzhou Automobile Group Finance Co., Ltd. (廣州汽車集團財務有限公司), which was incorporated in January 2017 and owned by the Company, GAMC and GAC Commercial as to 90%, 5% and 5% respectively
"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 Honda"	GAC 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.

"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 New Energy"	Guangzhou Automobile New Energy Automobile Co., Ltd. (廣汽新能源汽車有限公司), a wholly-owned subsidiary of the Company incorporated in July 2017 under PRC law
"GAC Nio"	GAC Nio New Energy Automobile Technology Co., Ltd. (廣汽蔚來新能源汽車科技有限公司), which was jointly established by the Company and Nio, Inc. in April 2018, and jointly owned by the Company and GAC New Energy as to 45% of its equity interest
"GAC Times"	GAC Times Energy Battery System Co., Ltd(廣汽時代動力電池系統有限公司), which was incorporated in December 2018 and funded by the Company, GAC New Energy and Ningde Times and jointly owned by the Company and GAC New Energy as to 51%
"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)
"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
"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
"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
"GAMC"	Guangzhou Automobile Group Motor Co. Ltd. (廣州汽車集團乘用車有限公司), a wholly-owned subsidiary incorporated on 21 July 2008 under PRC law by the Group
"Group" or "GAC Group"	The Company and its subsidiaries

"Honda (China)"	Honda Automobile (China) Co., Ltd. (本田汽車(中國)有限公司), was formerly 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; GAC Honda acquired 100% of its equity interest in October 2018 and it became a wholly-owned subsidiary of GAC Honda
"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 as amended from time to time
"MPV"	multi-purpose passenger vehicle
"ON TIME"	a mobile mobility platform established in April 2019 and launched by the Company through Chenqi Technology Limited (including its subsidiaries) established by China Lounge Investments, Tencent and its holding company, and is indirectly held 35% by the Group
"PRC" or "China"	the People's Republic of China
"RMB"	Renminbi, the lawful currency of the PRC
"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
"SSE"	the Shanghai Stock Exchange
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SUV"	sports utility vehicle
"Time GAC"	Times GAC Energy Battery System Co., Ltd. 時代廣汽動力電池有限公司, which was incorporated in December 2018 and funded by the Company, Gac New Energy and Couterporay Amprex Technology Co., Ltd. and jointly owned by the Company and GAC New Energy as to 49% of its equity interest

"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 the Company, 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 53.55% equity interest
"Wuyang-Honda"	Wuyang-Honda Motors (Guangzhou) Co., Ltd. (五羊－本田摩托(廣州)有限公司), 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.
Zeng Qinghong
Chairman

Guangzhou, the PRC, 31 March 2020

As at the date of this announcement, the executive directors of the Company are ZENG Qinghong and FENG Xingya, the non-executive directors of the Company are CHEN Xiaomu, CHEN Maoshan, CHEN Jun, DING Hongxiang and HAN Ying, and the independent non-executive directors of the Company are FU Yuwu, LAN Hailin, LEUNG Lincheong and WANG Susheng.