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)

2020 ANNUAL RESULTS ANNOUNCEMENT

The Board is pleased to announce the audited consolidated results of the Group for the year ended 31 December 2020 together with the comparative figures of the corresponding period ended 31 December 2019. 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 2020	2019
		RMB'000	*RMB'000*
Revenue	*3*	**63,156,985**	59,704,322
Cost of sales		**(60,860,992)**	(57,181,363)
Gross profit		**2,295,993**	2,522,959
Selling and distribution costs		**(3,641,480)**	(4,553,402)
Administrative expenses		**(3,850,327)**	(3,589,516)
Net impairment losses on financial assets		**(55,110)**	(53,831)
Interest income		**304,233**	290,694
Other gains – net	*4*	**1,379,690**	2,620,340
Operating loss		**(3,567,001)**	(2,762,756)
Interest income		**127,551**	171,565
Finance costs	*5*	**(439,567)**	(516,481)
Share of profit of joint ventures and associates	*6*	**9,570,978**	9,399,343
Profit before income tax		**5,691,961**	6,291,671
Income tax credit	*7*	**355,990**	417,186
Profit for the year		**6,047,951**	6,708,857
Profit is attributable to:			
Owners of the Company		**5,964,055**	6,616,265
Non-controlling interests		**83,896**	92,592
		6,047,951	6,708,857

	Note	Year ended 31 December 2020 RMB'000	2019 RMB'000
Other comprehensive income			
Items that may be reclassified subsequently to profit or loss			
– exchange differences on translation of foreign operations		**(5,128)**	1,151
– share of other comprehensive income/(loss) of joint ventures and associates accounted for using the equity method		**335**	(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		**133,153**	8,974
Other comprehensive income for the year, net of tax		**128,360**	9,706
Total comprehensive income for the year		**6,176,311**	6,718,563
Total comprehensive income attributable to:			
Owners of the Company		**6,092,415**	6,625,971
Non-controlling interests		**83,896**	92,592
		6,176,311	6,718,563
Earnings per share for profit attributable to ordinary equity holders of the Company *(expressed in RMB per share)*			
– basic	*8*	**0.58**	0.65
– diluted	*8*	**0.58**	0.64

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment		**20,073,210**	19,395,807
Right-of-use assets		**6,909,008**	6,846,371
Investment properties		**1,387,545**	1,334,487
Intangible assets		**12,258,613**	10,809,744
Investments in joint ventures and associates	*6*	**33,403,563**	32,004,786
Deferred income tax assets		**2,123,604**	1,705,313
Financial assets at fair value through other comprehensive income ("FVOCI")		**630,703**	1,224,218
Financial assets at fair value through profit or loss ("FVPL")		**4,375,256**	3,137,472
Prepayments and other long-term receivables		**5,056,277**	4,140,853
		86,217,779	80,599,051
Current assets			
Inventories		**6,621,580**	6,927,830
Trade and other receivables	*10*	**19,615,555**	16,843,950
Financial assets at fair value through other comprehensive income		**310,690**	6,948
Financial assets at fair value through profit or loss		**1,595,011**	842,845
Time deposits		**10,624,362**	6,959,924
Restricted cash		**2,084,314**	1,678,017
Cash and cash equivalents		**15,791,397**	23,604,986
		56,642,909	56,864,500
Total assets		**142,860,688**	137,463,551

	Note	As at 31 December 2020	2019
		RMB'000	*RMB'000*
EQUITY			
Share capital		**10,349,697**	10,237,708
Reserves		**28,928,263**	28,144,766
Retained earnings		**45,097,071**	41,805,637
Capital and reserves attributable to owners of the Company		**84,375,031**	80,188,111
Non-controlling interests		**2,338,597**	2,320,135
Total equity		**86,713,628**	82,508,246
LIABILITIES			
Non-current liabilities			
Trade and other payables	*11*	**530,786**	262,876
Borrowings		**8,473,173**	7,691,622
Lease liabilities		**1,303,479**	1,232,042
Deferred income tax liabilities		**138,032**	183,136
Provisions		**602,579**	1,014,776
Government grants		**2,555,825**	2,795,975
		13,603,874	13,180,427
Current liabilities			
Trade and other payables	*11*	**33,971,538**	33,616,467
Contract liabilities		**1,492,859**	1,528,757
Current income tax liabilities		**103,049**	284,124
Borrowings		**6,504,211**	6,168,929
Lease liabilities		**209,062**	176,601
Provisions		**262,467**	–
		42,543,186	41,774,878
Total liabilities		**56,147,060**	54,955,305
Total Equity and Liabilities		**142,860,688**	137,463,551

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 to existing standards and interpretation for the first time for their annual reporting period commencing 1 January 2020:

Standards/Amendments	**Subject of Standards/Amendments**
HKFRS 3 (Amendment)	Definition of a Business
HKAS 1 and HKAS 8 (Amendments)	Definition of Material
HKFRS 7, HKFRS 9 and HKAS 39 (Amendments)	Interest Rate Benchmark Reform
Conceptual for Financial Reporting 2018	Revised Conceptual Framework for Financial Reporting
HKFRS 16 (Amendments)(i)	Covid-19-Related Rent Concessions

(i) Any rent concession related to Covid-19 affects only payments due on or before 30 June 2021.

The standards and 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 accounting standards, amendments to existing standards and interpretations have been published that are not mandatory for 31 December 2020 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/ Interpretations	**Subject of standards/amendments/ interpretations**	**Effective for accounting periods beginning on or after**
HKFRS 9, HKAS 39, HKFRS 4, HKFRS 7 and HKFRS 16 (Amendments)	Interest Rate Benchmark Reform – Phase 2	1 January 2021
HKAS 16 (Amendments)	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022
HKAS 37 (Amendments)	Onerous Contracts – Cost of Fulfilling a Contract	1 January 2022
HKFRS 3 (Amendments)	Reference to the Conceptual Framework	1 January 2022
Revised Accounting Guideline 5	Merger Accounting for Common Control Combination	1 January 2022
Annual Improvements to HKFRS standards 2018-2020	Amendments to HKFRS1, HKFRS9, HKFRS16 and HKAS41	1 January 2022
HKAS 1 (Amendments)	Classification of Liabilities as Current or Non-current	1 January 2023
HKFRS 17	Insurance Contracts	1 January 2023
Hong Kong Interpretation 5 (2020)	Presentation of Financial Statements – Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause	1 January 2023
HKFRS 10 and HKAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined

3. SEGMENT INFORMATION

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

For management purpose, the executive directors considered the nature of the Group's products and services and determined that the Group has two reportable operating segments as follows:

Vehicles and related operations segment – production and sale of a variety of passenger vehicles, commercial vehicles, automotive parts and related operations.

Others – mainly production and sale of motorcycles, automobile finance and insurance, 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 2020, 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 2020 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	**60,805,956**	**2,754,533**	**(403,504)**	**–**	**63,156,985**
Inter-segment revenue	**(157,474)**	**(246,030)**	**403,504**	**–**	**–**
Revenue (from external customers)	**60,648,482**	**2,508,503**	**–**	**–**	**63,156,985**
Segment results	**(3,219,775)**	**(116,208)**	**(256,338)**	**–**	**(3,592,321)**
Unallocated income – Interest income of headquarters	**–**	**–**	**–**	**110,738**	**110,738**
Unallocated costs – Expenditure of headquarters	**–**	**–**	**–**	**(85,418)**	**(85,418)**
Operating loss					**(3,567,001)**
Finance costs	**(399,752)**	**(6,780)**	**–**	**(33,035)**	**(439,567)**
Interest income	**70,431**	**8,616**	**–**	**48,504**	**127,551**
Share of profit of joint ventures and associates	**9,061,941**	**509,037**	**–**	**–**	**9,570,978**
Profit before income tax					**5,691,961**
Income tax credit/(expense)	**498,472**	**(141,293)**	**–**	**(1,189)**	**355,990**
Profit for the year					**6,047,951**
Other segment information					
Depreciation and amortisation	**5,009,332**	**56,489**	**–**	**44,573**	**5,110,394**
Net impairment losses on financial assets	**44,194**	**10,916**	**–**	**–**	**55,110**
Impairment charges of inventories	**47,938**	**–**	**–**	**–**	**47,938**
Impairment charges of property, plant and equipment	**5,609**	**–**	**–**	**–**	**5,609**
Impairment charges of intangible assets	**662,164**	**–**	**–**	**–**	**662,164**

The segment assets and liabilities as at 31 December 2020 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	**106,340,940**	**38,893,282**	**(41,611,147)**	**39,237,613**	**142,860,688**
Total assets include:					
Investments in joint ventures and associates	**29,419,235**	**3,984,328**	**–**	**–**	**33,403,563**
Total liabilities	**58,667,700**	**28,884,062**	**(40,313,754)**	**8,909,052**	**56,147,060**
Additions to/(decrease in) non-current assets (other than deferred tax assets, FVPL and FVOCI)	**6,100,235**	**(1,544,067)**	**–**	**–**	**4,556,168**

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

4. OTHER GAINS – NET

	Year ended 31 December **2020** *RMB'000*	**2019** *RMB'000*
Net foreign exchange (losses)/gains	**(14,037)**	40,071
(Losses)/gains on disposal of property, plant and equipment, and intangible assets	**(48,176)**	8,895
Donations	**(29,579)**	(14,127)
Gains on disposals of joint ventures and associates	**7,403**	22,493
Government grants	**796,041**	2,239,317
Net investment income related to investment in financial assets	**319,380**	191,875
Net fair value gains on financial assets at fair value through profit or loss	**292,692**	95,354
Others	**55,966**	36,462
	1,379,690	2,620,340

5. FINANCE COSTS

	Year ended 31 December **2020** *RMB'000*	2019 *RMB'000*
Interest expense	**440,559**	521,299
Interest expense on lease liabilities	**76,154**	59,503
Interest capitalised in qualifying assets	**(77,146)**	(64,321)
	439,567	516,481

6. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

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

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Investments in joint ventures	**24,654,320**	23,867,207
Investments in associates	**8,749,243**	8,137,579
	33,403,563	32,004,786

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Share of profit of joint ventures *(Note (i))*	**8,332,088**	8,194,859
Share of profit of associates *(Note (i))*	**1,238,890**	1,204,484
	9,570,978	9,399,343

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

6.1 INVESTMENTS IN JOINT VENTURES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Investment in unlisted shares	**24,654,320**	23,867,207

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

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Beginning of the year	**23,867,207**	22,113,574
Additions *(Note (i))*	**1,274,421**	508,510
Disposals	**(11,489)**	–
Capital reduction	**(21,768)**	(88,420)
Share of profits	**8,460,468**	8,252,907
Share of addition in other reserves	**25,235**	2,654
Dividends declared	**(8,939,754)**	(6,922,018)
End of the year	**24,654,320**	23,867,207

(i) The additions in 2020 mainly represent the Group's additional capital contribution of RMB329,686,000 and RMB500,000,000 to GAC Toyota and GAC FCA in proportion to its interest held, respectively. In addition, the Group contributed capital of RMB173,530,000 to five newly set-up joint ventures.

(b) Set out below are the joint ventures of the Group as at 31 December 2020, 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	Mainland China	50	Note 1	Equity
GAC Toyota	Mainland China	50	Note 1	Equity
GAC FCA	Mainland China	50	Note 1	Equity
GAC Mitsubishi	Mainland China	50	Note 1	Equity
GAC Hino	Mainland China	50	Note 1	Equity
GAC SOFINCO	Mainland China	50	Note 1	Equity
Wuyang-Honda	Mainland China	50	Note 1	Equity

Note 1: GAC Honda, GAC Toyota, GAC FCA, 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	
	2020	2019
	RMB'000	*RMB'000*
Assets		
Non-current assets	**80,634,952**	74,621,992
Current assets		
– Cash and cash equivalents	**53,784,557**	52,811,062
– Other current assets	**53,230,040**	46,104,137
	107,014,597	98,915,199
Total assets	**187,649,549**	173,537,191
Liabilities		
Non-current liabilities		
– Financial liabilities (excluding trade and other payables)	**18,639,156**	21,693,717
– Other non-current liabilities (including trade and other payables)	**5,597,716**	5,980,843
	24,236,872	27,674,560
Current liabilities		
– Financial liabilities (excluding trade and other payables)	**30,914,068**	23,703,660
– Other current liabilities (including trade and other payables)	**88,441,087**	79,557,334
	119,355,155	103,260,994
Total liabilities	**143,592,027**	130,935,554
Net assets	**44,057,522**	42,601,637
Less: Non-controlling interests	**(18,882)**	(17,206)
	44,038,640	42,584,431

Summarised statement of comprehensive income

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Revenue	**261,646,209**	248,545,510
Cost of sales	**(222,890,622)**	(211,668,629)
Other expenditures	**(22,078,956)**	(20,390,072)
Profit after tax	**16,676,631**	16,486,809
Less: profit attributable to non-controlling interests	**(1,676)**	(133)
	16,674,955	16,486,676
Other comprehensive loss	**(45)**	(20)
Total comprehensive income	**16,674,910**	16,486,656

7. INCOME TAX CREDIT

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Current income tax	**107,405**	203,893
Deferred tax	**(463,395)**	(621,079)
	(355,990)	(417,186)

The tax rates applicable to the Company and its major subsidiaries for the year ended 31 December 2020 are 15% or 25% (2019: 15% or 25%).

Certain subsidiaries are subject to Hong Kong profits tax, which has been provided at the rate of 16.5% (2019: 16.5%) on the estimated assessable profits for the year ended 31 December 2020.

8. 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	
	2020	2019
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**5,964,055**	6,616,265
Weighted average number of ordinary shares in issue *(thousands)*	**10,238,230**	10,235,610
Basic earnings per share *(RMB per share)*	**0.58**	0.65

(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 2020) 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 outstanding assuming the exercise of the share options.

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Profit attributable to owners of the Company	**5,964,055**	6,616,265
Add: Interest expense on convertible bonds	**93,733**	91,832
Profit used to determine diluted earnings per share	**6,057,788**	6,708,097
Weighted average number of ordinary shares in issue *(thousands)*	**10,238,230**	10,235,610
Add: weighted average number of ordinary shares assuming conversion of all share options *(thousands)*	**2,084**	2,612
Add: weighted average number of ordinary shares assuming conversion of all convertible bonds *(thousands)*	**179,238**	177,118
Weighted average number of ordinary shares for diluted earnings per share *(thousands)*	**10,419,552**	10,415,340
Diluted earnings per share *(RMB per share)*	**0.58**	0.64

9. DIVIDENDS

	Year ended 31 December	
	2020	2019
	RMB'000	*RMB'000*
Interim dividend paid of RMB0.03 (2019: RMB0.05) per ordinary share	**307,138**	511,885
Proposed final dividend of RMB0.15 (2019: RMB0.15) per ordinary share	**1,552,649**	1,535,656
	1,859,787	2,047,541

Dividends paid in 2020 and 2019 were RMB1,842,794,000 and RMB3,377,880,000 respectively. A final dividend in respect of the year ended 31 December 2020 of RMB0.15 per ordinary share, amounting to a total dividend of approximately RMB1,552,649,000 is to be proposed at the forthcoming annual general meeting. These financial statements do not reflect this dividend payable.

10. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade receivables *(Note (a))*	**4,583,098**	3,720,676
Less: provision for impairment	**(265,896)**	(254,327)
Trade receivables – net	**4,317,202**	3,466,349
Notes receivable	**1,884,928**	2,241,121
Loans receivable	**3,118,804**	1,645,655
Entrusted loans	**596,916**	240,000
Value added tax recoverable	**1,039,179**	1,883,638
Prepayments	**1,158,328**	1,284,439
Dividends receivable	**3,752,145**	3,614,415
Finance lease receivables	**2,283,633**	1,127,573
Other receivables	**1,464,420**	1,340,760
	19,615,555	16,843,950

(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 2020 and 2019, 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	
	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**3,374,378**	2,908,145
Between 1 and 2 years	**845,760**	561,819
Between 2 and 3 years	**117,223**	78,988
Between 3 and 4 years	**76,087**	7,363
Between 4 and 5 years	**5,289**	8,401
Over 5 years	**164,361**	155,960
	4,583,098	3,720,676

11. TRADE AND OTHER PAYABLES

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Trade payables *(Note (a))*	**11,802,325**	12,142,923
Customer deposits	**7,770,011**	8,596,263
Employee benefits payable	**2,496,891**	2,179,518
Sales rebate	**1,912,505**	1,548,213
Development cost payables	**1,249,696**	825,802
Payable for mould expenses	**1,102,770**	1,451,364
Notes payable	**1,077,554**	1,122,303
Unearned premium reserve	**1,026,241**	825,680
Other taxes	**675,776**	417,427
Treasury stock payable	**509,486**	–
Construction cost payables	**466,383**	718,208
Advertising expense payables	**299,275**	659,699
Deposit payables	**232,876**	178,609
Government grants	**158,636**	189,534
Assets sold under agreements to repurchase	**102,092**	252,235
Other payables	**3,619,807**	2,771,565
	34,502,324	33,879,343
Less: non-current portion of trade and other payables	**(530,786)**	(262,876)
Current portion	**33,971,538**	33,616,467

(a) As at 31 December 2020 and 2019, ageing analysis of trade payables is presented on the basis of the date of the relevant invoices as follows:

	As at 31 December	
	2020	2019
	RMB'000	*RMB'000*
Within 1 year	**11,377,420**	11,749,823
Between 1 and 2 years	**351,351**	318,534
Between 2 and 3 years	**32,536**	39,981
Over 3 years	**41,018**	34,585
	11,802,325	12,142,923

CHAIRMAN'S STATEMENT

Dear shareholders,

2020 is an extraordinary year, in which the COVID-19 pandemic brought unprecedented challenges to the global economic and social development, and the automobile industry had to press the "pause" button for a long time as a result of the material impact of the pandemic. The Group directly faced the dual challenges arising from the impact of the pandemic and the continuous downturn of the industry by actively participating in the double-line battle of pandemic prevention and control and production and operation, implementing the "six priorities" and the "six stabilising forces", and promoting the resumption of work and production and the expansion of production in an orderly manner, during which we forged ahead with determination and moved forward with perseverance, thereby achieving stable production and operation. On behalf of the Board, I would like to express my heartfelt gratitude to our shareholders, customers, employees, partners and people from all walks of life.

Fought the pandemic with all efforts to resume production, and successfully realised "double victories". In the face of the unexpected outbreak of the pandemic, we took the initiative to conduct the pandemic prevention and control by promptly setting up a leading group for pandemic prevention and control, establishing an emergency response mechanism for pandemic prevention, and persisting in carrying out regularised pandemic prevention and control, thereby ensuring that no mass outbreak happened among nearly 100,000 employees. We took the lead in making donations to support the pandemic prevention and the fight against the pandemic, quickly devoted resources to the production of mask machines and masks in a cross-industry manner, and produced more than 100 million masks cumulatively, actively creating conditions for the Group and the enterprises along the upstream and downstream industrial chains to resume work and production. Faced with severe pandemic challenges, we took the initiative to promote the resumption of work and production, and established an emergency warning mechanism for parts and components to ensure the stability of the supply chain; made every endeavor to expand production capacity to make up and enhance production, and spared no effort to promote sales growth in a bid to ensure the overall smooth operation throughout the year, thereby achieving commendable performance.

In 2020, the automobile production and sales volume of the Group both exceeded 2 million units, representing a year-on-year increase of 0.54% and a slight decrease of 0.89%, respectively, both outperforming the industry, and the annual production and sales scale ranking rose to the fourth place in the industry, creating the highest ranking of the Group in the past ten years. In 2020, the Group realised sales revenue of approximately RMB395.498 billion on an aggregated basis, representing an increase of approximately 5.87% as compared with the corresponding period last year. The sales revenue of the Group amounted to approximately RMB63.157 billion, representing an increase of approximately 5.78% as compared with the corresponding period last year; net profit attributable to owners of the parent company amounted to approximately RMB5.964 billion, representing a decrease of approximately 9.85% as compared with the corresponding period last year. In order to encourage the Company's performance improvement, we implemented A-share options and restricted share incentive schemes to fully stimulate the enthusiasm of employees, align the interests of the core team, shareholders and the Company with each other, and facilitate the Company's long-term stable development. We always care about shareholders, and maintain a long-term stable dividend policy and distribute dividends twice a year. The Board proposed to distribute to all shareholders a final dividend of RMB1.5 (including tax) for every 10 shares, together with the interim dividend of RMB0.3 (including tax) for every 10 shares, the total amount of dividends distributed throughout the year was approximately RMB1.86 billion.

Fully promoted digital transformation to build an intelligent operation system. Digitalisation has become an important driving force for the development of the automobile industry, while the special needs and challenges during the outbreak of the pandemic have pressed the "accelerate" button for digital transformation of traditional industries. Given this trend, following the completion of the top-level design of the digital transformation system and mechanism in 2019, the Group treated 2020 as the first year of the Group's comprehensive and systemic promotion of digital transformation. In April, we formally launched the GAC Digital Accelerator (GDA) project, to build a big data platform and operation platform to realise the personalised marketing, the intelligence of the large supply chain, the synergy of product development, and the transparency of management and control, so as to build an intelligent operation system for the entire value chain, and create a "digital GAC". In order to improve market competitiveness, we concentrated the focus of the digital marketing on the golden triangle composed of customers, stores and factories to strengthen the synergy effect of factories and stores, and activate the ecology of factories and customers. Digital stores, intelligent invitation platforms, mini programme e-Qi Purchase (e祺購), live digital marketing and other projects have been launched successively. GAC Trumpchi launched the "Fun Car+e", a digital characteristic service system, providing more than 60 online services, had provided high quality services to over 2.4 million car owners for more than 10 million times in aggregate. In view of the enhanced quality and efficiency of internal management, digital management and control were carried out in the three major areas, i.e. finance, human resources, and compliance and risk control, for which certain projects including the analysis platform of consolidated financial statements and big data, the information platform of centralised analysis of human resources data and comprehensive risk and audit management, and the legal affairs management platform were implemented, to promote data transparency, process automation, and intelligent management. We fully accelerated business digitalisation, and launched certain projects such as big data platform construction and data-based governance system, to utilise a unified data platform and governance mechanism to promote the materialisation of GAC's "digital" strategy with a view to building a new data-driven engine for the Group's development. We continued to explore digital business, "ON TIME" (如祺出行) launched Qi Lifang (祺立方), a self-developed one-stop data management and application development platform, by which precise matching of mobility supply and demand, efficient order assignment and safe mobility were achieved through data collaboration in multiple ports including platform management, Internet of Vehicles, maps, etc.

Deepened the transformation of a technological enterprise to build an innovative ecosystem. The Group's annual R&D investment exceeded RMB5.1 billion, and made 1,961 new patent applications, including 823 invention patents, amounting to a total of 8,040 patent applications, including 2,753 invention patents, demonstrating the continuous emergence of the achievement of scientific and technological innovations. The Group completed the design of a global platform modular architecture (GPMA), published GAC's new powertrain platform brand – "Julang Power" (「鉅浪動力」), and launched the fourth-generation 2.0ATK engine with the highest thermal efficiency of 42.1%, made the public certification record of CATARC, and our self-developed 7-speed wet dual-clutch gearbox was awarded the title of "Top Ten Gearboxes in the World". For the new energy vehicle sector, the graphene-based ultra-fast charging batteries coupling with high-power ultra-fast charging equipment can charge up to 80% within 8 minutes, and silicon anode batteries can achieve a comprehensive endurance mileage (NEDC) of up to 1,000 kilometers, both are expected to be installed in existing vehicle models in 2021. In the intelligent networking sector, the ADiGO 3.0 Smart Driving and Connected Ecosystem had been newly upgraded in three aspects including automatic driving system, intelligent IoT system, and artificial intelligence, and the world's first self-developed 5G V-BOX in-vehicle intelligent communication system had been put into mass production and installed in AION V. We proactively built an ecosystem of openness, cooperation, integration and innovation by fully cooperating with Baidu and Huawei in the fields of intelligent driving and intelligent networking. Externally, through GAC Capital, we invested in strategic projects such as the Project Horizon and AVIC Lithium, and internally, we promoted the incubation of Juwan Technology Research, Galaxy Intelligent Networking and other technological innovation companies, marking new steps in the industrial application of core technologies to constantly improve the layout in the fields of intelligent networking and new energy.

Innovated the characteristic poverty alleviation model to give back to the society deeply and efficiently. The Group firmly implemented the deployment requirements of the central government to win the fight against poverty, and successively provided pairing assistance to 20 poverty-stricken villages, helping to lift 1,259 poor households and 5,676 people out of poverty. In 2020, the Group contributed a total of RMB146 million in poverty alleviation and other public welfare charities, and won the gold cup of the "Guangdong Poverty Relief Red Cotton Cup" for six consecutive years. The Group gave full play to the advantages of manufacturing enterprises to introduce modern scientific and technological innovations into rural areas, formed a unique "GAC Poverty Alleviation Model", built a smart agricultural base, founded Qilian Agricultural Products Co., Ltd. and established an e-commerce platform "Qilian Fresh Lifestyle Store", and did our utmost to build a poverty alleviation industrial chain of "company + base + rural households"; and actively carried out "poverty alleviation by employment" by jointly establishing a "GAC Class" in Bijie to build GAC brand 4S store to drive local employment and achieve targeted poverty alleviation and long-lasting poverty alleviation. Sharing a common fate with the motherland and developing with the pace of the times, the Group will unswervingly become a promoter of social progress.

The "13th Five-Year Plan" came to a successful conclusion, and the comprehensive strength was overall enhanced. During the "13th Five-Year" period, the Group stuck to focusing on quality and efficiency, and insisted on independent innovation and joint venture cooperation unswervingly, promoted the transformation from manufacture to creation, from speed to quality, and from product to brand, and fully implemented the "1513" overall development strategy, which enabled us to basically achieve the goals of the "13th Five-Year" Plan. Automobile sales increased from 1.3 million units at the end of the "12th Five-Year" period to 2.04 million units at the end of the "13th Five-Year" period, and exceeded 2 million units for four consecutive years, representing a compound annual growth rate of 9.5%, while the market share increased from 5.3% to 8.1%; the total operating income on an aggregated basis exceeded RMB300 billion for four consecutive years, and the total net profit attributable to shareholders of the Company was approximately RMB40.56 billion, representing an increase of nearly 1.6 times over that of the "12th Five-Year Plan" period, and the Group was listed in the world's top 500 companies successively, with a highest ranking of No. 189. The Group vigorously built star vehicle models in various segment markets, launched 31 traditional oil-fueled vehicle models (including upgraded models), such as GS8, Avancier, Wildlander, Outlander, Grand Commander, and 16 new energy vehicles, such as Aion S, GE3, Aion V, etc in total. The Group actively promoted the layout of the entire industrial chain, and accumulatively completed project investment of a total of nearly RMB100 billion. The construction of many projects of great strategic significance, including GAC Zhilian New Energy Automotive Industrial Park, and GAC New Energy Smart Ecological Plant had commenced and been completed successively. During the "13th Five-Year Plan" period, the Group's corporate scale, comprehensive strength and development quality fully achieved leapfrog development, laying a solid foundation for the development in the "14th Five-Year Plan" period.

To cope with the business in the world, one must first analyse the situation in the world. During the "14th Five-Year Plan" period, new technologies, new products, new industrial norms, and new models will continuously emerge, while China's economy will enter a new phase of high quality development and a new development layout with domestic major cycle as the main body and mutual promotion of domestic and international dual cycles, under which the automobile industry will experience a critical period for a round of transformation and upgrading. The trend of automobile electrification, intellectualisation, digitalisation and sharing will reshape the layout of the automobile industry, and the automobile market will enter the "inventory era" from the "incremental era". Faced with new development opportunities and challenges, the Group had formulated a blueprint for the development in the "14th Five-Year Plan" period and fully implemented the "1615" development strategy, in a bid to challenge the automobile production and sales volume of 3.5 million units by the end of the "14th Five-Year Plan" period, solidify the strength in the six major segments, i.e. R&D, manufacture of vehicle, parts and components, commercial services, financial services and mobility services, comprehensively enhance independent innovation capabilities, and realise improvement in the five major aspects including electrification, intellectualisation, digitalisation, sharing and internationalisation, thereby realising the high quality development of the Group and building an innovation-oriented **technological GAC** that continuously creates value.

2021 is the first year of the "14th Five-Year Plan" period and also a start for the Group to achieve great development and great improvement. We will promote the seven major initiatives of "stabilising growth, improving performance, exercising strict benchmarking, ensuring supply, strengthening independence, seeking development and fostering brand", to identify opportunities in the crisis and create a new chapter amidst changes. The Group will coordinate and promote regularised pandemic prevention and control and production and operation, and challenge the annual production and sales growth target of 10%, so as to get the "14th Five-Year Plan" off to a good start. We will solidly push forward the implementation of the world-class benchmarking management improvement action plan and the three-year action plan for the reform of state-owned enterprises, continue to improve corporate governance, accelerate the mixed-ownership reform, strengthen the incentive mechanism, and rejuvenate the Group. We will expedite the nationalisation and localisation of key core parts and components, and strengthen the weakness in core technologies, to establish an independent, controllable, safe and reliable supply chain. We will carry out the five major measures of "good appearance, leading technology, leading PVA (perceived value), brand improving, and characteristic services", gather resources to create star vehicle models that are popular among consumers, effectively implement the "golden triangle" marketing strategy to enhance the capabilities of sales system, and build a strong characteristic service brand to accumulate energy for self-developed brands to reach a higher level. We will devote greater effort to overcoming difficulties in the core technologies of electrification and intellectualisation, deepen the digital transformation, explore sharing development models, and strengthen industry cooperation and cross-border cooperation, so as to form a co-flourishing and symbiotic ecosystem, thereby working towards new heights in a new round of global industrial innovation.

Amid the fierce competition, those who strive for the best are the first; a thousand boats set sail and the brave one wins. 2021 marks the 100th anniversary of the Communist Party of China, and meanwhile a new journey to comprehensively build a modern socialist country has begun. Standing at the historical intersection of the "two centuries", we will seize the opportunities of the times, adhere to the strategy of innovation-driven and technology empowering development, continuously pursue reform and innovation, and take intelligent networking new energy vehicles as the carrier to accelerate the promotion of "electrification, intellectualisation, internationalisation, sharing and digitalisation" and speed up the transformation to a technological enterprise and a value creator for mobile mobility, so as to enable the "14th Five-Year Plan" period to commence at a high point, and strive for a new round of leapfrog development of China's automobile industry!

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) The manufacture of passenger vehicles 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 12 series of sedans, 30 series of SUV and 3 series of MPV.

Fuel-engined vehicle products of the Group mainly include:

- GAC Trumpchi (GA4, GA6, GA8, GS3, GS4, GS4 COUPE, GS5, GS8, GS8S, M6, M8, etc.);
- GAC Honda Accord, Crider, Vezel, Odyssey, Fit, Avancier, Breeze, Acura CDX, Acura TLX-L, Acura RDX, etc.;
- GAC Toyota Camry, Highlander, Wildlander, Yaris L (致炫、致享), 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 GS4 • PHEV, GE3, AION S, AION LX, AION V;
- GAC Honda Accord Sport Hybrid, Odyssey Sport Hybrid, Breeze Sport Hybrid, Crider Sport Hybrid, Acura CDX Hybrid, Shirui, VE-1;
- GAC Toyota Camry HEV, Wildlander HEV, Levin HEV, Levin HEV E+, iA5, C-HR EV;
- GAC FCA JEEP Grand Commander • PHEV;
- GAC Mitsubishi Qizhi • PHEV, Qizhi • EV;
- GAC Nio HYCAN (Hechuang) 007;

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 Honda's Zengcheng factory production capacity expansion project (phase II) with production capacity of 120,000 units/year has commenced operation in February 2020. As at the end of the reporting period, the total vehicle production capacity amounted to 2,733,000 units/year.

Sales channel: The Group conducts automobile sales through sales outlets and online channels. As at the end of the reporting period, the Company, together with its joint ventures and associated companies, had 2,525 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

Mainly through its subsidiary, GAC Business, its controlling and investee companies, Da Sheng Technology, and its associated company "ON TIME" (如祺出行) etc. in the upstream and downstream of the automobile industrial chain, the Group carried on businesses in vehicle sales, logistics, international trading, second-hand vehicles, end-of-life vehicles disassembling, resources recycling, supporting services, digitalisation and mobility services, etc.

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 its subsidiary, GAC Component, and GAC Toyota Engine and Shanghai Hino, the Group's associated companies. The parts and components include engines, gearboxes, car seats, micro motors, shifter, electric controller, interior and exterior decorations. About 76% of the products were whole vehicle accessories of the Group.

5. Financial segment

The Group carried on financial investment, insurance, insurance brokerage, financial lease, automobile credit, and other related businesses mainly through its subsidiaries, namely GAC Finance, China Lounge Investments, GAC Capital, Urtrust Insurance, and its joint venture, GAC-SOFINCO, etc.

II. 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 and Northwest China 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.

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 excellence.

3. Continued to enrich product line and optimise product structure

The Group has a full range of products including sedans, SUV and MPV and continued to research and develop and 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.

4. Initiated 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, formulated a world-class production system and built a global R&D network consisting of the "Guangzhou R&D Headquarter + three R&D Centers in North America + Shanghai Advanced Design Studio". 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. In the accreditation of "State-accredited Corporate Technology Center" organised by the National Development and Reform Commission in 2019, GAC ranked sixth nationwide and first in the automobile industry.

5. Built a new energy and intelligent network technology system

The Group has the world's leading purely electric powered vehicle exclusive platform GEP 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 created Aion series, a new energy vehicle product system based on the new purely electric powered exclusive platform, and a variety of GAC new energy products were introduced to the joint ventures successfully.

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 and to expand its investment and financing sector, optimised financing structure, and the role of finance in supporting the main business has been significantly enhanced.

III. ANALYSIS ON INDUSTRY ENVIRONMENT

In 2020, the global economic recession continued to be severe, the domestic economy was in a critical period of development transformation, optimisation of economic structure and transformation of the growth drive, and affected by the sudden COVID-19 pandemic, global automobile industrial chain was materially disrupted, the domestic automobile sales experienced a sharp downturn in the first quarter and came to a halt for a long time. With the gradual containment of the pandemic in China, the steady resumption of work and production, and the timely introduction of a series of policies on stimulating automobile consumption by national and local governments, the market demand gradually recovered, the industrial cycle continued to improve, the consumption market steadily recovered, and the domestic automobile industry began to recover gradually since April, which was reflected by the continuous year-on-year increase in monthly sales volume and the continuously narrowing year-on-year decline in cumulative sales volume. The production and sales volume of vehicles throughout the year was 25,225,200 units and 25,311,100 units, respectively, representing a decrease of 2.04% and 1.88% year-on-year, respectively, with the decline rate of 5.5 and 6.3 percentage points lower than those of the previous year, respectively. The production and sales volume continued to be the first in the world.

In terms of segment market, in 2020, the production and sales volume of passenger vehicles amounted to 19,994,100 units and 20,177,700 units, respectively, representing a year-on-year decrease of 6.53% and 6.03%, respectively, with the decline rate of 2.7 and 3.6 percentage points lower than those of the previous year, respectively. Among which, the demand for luxury vehicles strongly recovered, of which the monthly sales since April maintained a rapid growth of more than 20% year-on-year. Among the major types of passenger vehicles, the annual production and sales volume of SUV exceeded that of sedans for the first time, and recorded a year-on-year increase of 0.06% and 0.66%, respectively; the production and sales volume of sedans recorded a year-on-year decrease of 10.04% and 9.87%, respectively; the production and sales volume of MPV recorded a year-on-year decrease of 26.75% and 23.82%, respectively; and the production and sales volume of cross passenger vehicles recorded a year-on-year decrease of 1.69% and 2.88%, respectively.

Among which, passenger vehicles of Chinese brands were sold 7,749,000 units, representing a year-on-year decrease of 8.10%, accounting for 38.40% of the total sales volume of passenger vehicles, and 0.9 percentage point drop from the same period last year. Among the major foreign brands, when compared with the previous year, the market shares of Japanese series and American series increased slightly, while the market shares of German series, Korean series and French series all declined.

Driven by certain factors such as the elimination of National Standard III vehicles and infrastructure investment, the production and sales volume of commercial vehicles substantially increased throughout the year. In 2020, the production and sales volume of commercial vehicles was 5,231,200 units and 5,133,300 units, respectively, representing a year-on-year increase of 19.96% and 18.69%, respectively.

Since July, the rate of increase in monthly sales volume of new energy vehicles had gradually expanded year-on-year, and the production and sales volume for each month made the historical record of that corresponding month, with a new record high in December. In 2020, the production and sales volume of new energy vehicles was 1,366,000 units and 1,367,000 units, respectively, representing a year-on-year increase of 7.50% and 10.90%, respectively, which turned from negative to positive as compared with the previous year.

IV. ANALYSIS ON OPERATION OF THE COMPANY

1. Production and sales of vehicles progressed against the headwind

Facing the unprecedented severe situation, on the premise that the pandemic had been well prevented and controlled, the Group actively promoted the resumption of work and production, and made every effort to expand production to recover the loss. Since April, the production and sales volume of vehicles had rebounded, and the rate of increase in sales volume had been maintained at more than 10% for six consecutive months since July. In 2020, the Group produced and sold 2,034,800 units and 2,043,800 units of vehicles, respectively, representing an increase of 0.54% and a decrease of 0.89% year-on-year, respectively, outperforming the industry, in addition to which the Group also realised positive growth in production volume in a complex and severe situation. The Group's annual production and sales volume ranking rose to the fourth place in the industry among the major automobile groups in China, and the Group's market share in China was further increased to 8.07%.

In 2020, the production and sales volume of passenger vehicles the Group was 2,031,200 units and 2,040,300 units, respectively, representing an increase of 0.55% and a decrease of 0.88% year-on-year, respectively, which were far better than the industry by approximately 5 percentage points, and the domestic market share further increased to 10.11%. In terms of vehicle types, despite the unfavourable trend, the sales volume of SUV and MPV increased significantly by 11.69% and 12.12%, respectively, while the sales volume of sedans decreased by 11.69% year-on-year. The production and sales volume of Group's self-developed new energy vehicles continued to maintain rapid growth, and the annual production and sales volume was 77,100 units and 77,700 units, respectively, representing a year-on-year increase of 30.3% and 36.2%, respectively, while the production and sales volume of commercial vehicles decreased by 0.68% and 5.93%, respectively.

The manufacturing enterprises under the Group overcame the impact of the pandemic and other unfavorable factors, and moved forward against the headwind. Among which, GAC Honda and GAC Toyota achieved excellent performance in production and sales volume that were significantly better than those of the industry. The production and sales volume of GAC Honda was 805,600 units and 805,800 units, respectively, representing a year-on-year increase of 3.73% and 2.65%, respectively; and the production and sales volume of GAC Toyota was 765,000 units and 765,000 units, respectively, representing a year-on-year increase of 14.08% and 12.17%, respectively. The self-developed brands of the Group realised positive year-on-year growth in sales volume for five consecutive months, and delivered production and sales volume of 345,900 units and 354,000 units throughout the year, respectively, representing a decrease of 8.81% and 7.95% year-on-year, respectively.

The star models of the Group remained hot sellers, among which Accord and Camry occupied the top two in the medium to high end sedan segment market in terms of retail sales volume; and star models such as Levin, Vezel, Breeze, Trumpchi GS4, Yaris L Family, Crider, Highlander, Fit, Avancier, Aion S, Odyssey were all among the best sellers in their respective segment markets.

During the reporting period, the Group's newly launched models, namely Trumpchi M8 master version, GS4 PHEV, GS4 COUPE, Aion V, Wildlander (including HEV), facelifted Avancier, Breeze Sport Hybrid, Crider Sport Hybrid, Fourth Generation Fit and other models were well received by the market.

2. *Self-developed brands stopped dropping and became stable*

Optimised mechanism to improve the efficiency of integrated operation. The Company set up an operational management committee for self-developed brands as the management decision-making body of our self-developed brands sector to establish an integrated management decision-making mechanism, and continuously optimised the coordination mechanisms such as the product committee. The Group fully implemented the overall supervision system of vehicle models, strengthened the functions of the cost and revenue committee, explored the room for cost reduction of vehicle models and promoted platform-based and modularised cost reduction, thereby boosting all-fields cost control.

Reshaped brands to empower a new marketing strategy. GAC AION began to operate as an independent brand with an aim to be fully developed into a high-end technological electric vehicle brand. In adherence to its core values of "fun, quality and closeness", GAC Trumpchi put forward the new brand slogan of "Smart Mobility Together Is Better" (「一祺智行更美好」), to accelerate its transformation into an intelligent technological enterprise. The Group issued the "golden triangle" brand marketing strategy, focusing on the three major value-added areas, i.e. product, technology and service, to create value for consumers, benefit dealers and empower GAC Trumpchi. The Group strengthened retail sales capabilities, aiming to improve customer stickiness. The Group attached great importance to digital and characteristic services to comprehensively enhance the capabilities of digital marketing services. GAC AION introduced certain services such as free vehicle diagnosis and valet charging, and launched the AION partner project. GAC Trumpchi launched the service brand "Fun Car+e" to create a characteristic service system of "Ten Service Promises". In 2020, GAC Trumpchi again won the first place among Chinese domestic brands in the J.D. Power 2020 China Customer Service Index (CSI) Study.

Stuck to market orientation to continuously enhance the product power. The Group adhered to the leading strategy of "appearance + PVA", and further devoted resources to meet consumers' demand for innovation and change. During the reporting period, certain brand new, facelifted and annual models, such as GAC Trumpchi M8 master version, GS4 PHEV, GS4 COUPE, GS8S, brand new GA8, GAC AION Aion V, etc. were launched, all of which were highly received by the market. The Group comprehensively promoted the QDR (quality, durability and reliability) project and the quality training reform of new products and built the Trumpchi CQO system, so that all quality indices of Trumpchi were significantly improved. Trumpchi ranked No. 1 among the Chinese brands in the J.D. Power Initial Quality Study (IQS) for eight consecutive years, and was recognised as the No. 1 Chinese brand in the J.D. Power 2020 China Automotive Performance, Execution and Layout (APEAL) Study.

3. *Steadily pushed forward project investment*

The Group constantly promoted the investment and construction of the GAC Zhilian New Energy Automotive Industrial Park project, in which the Powertrain II Factory Engine Phase I Project for GAMC and the two powertrain projects of GAC Aisin Gearbox were completed and put into operation, the main factory building of Times GAC Energy Battery formally topped out, the project relating to Guangzhou Nidec Auto Drive System Co., Ltd. entered the critical period of mass production, and the GAC Zhilian New Energy Parts and Components Industrial Park and the Guangzhou Zhongxin YFPO Automotive Exterior System project and other projects were steadily proceeding as planned. GAEI's Hualong R&D Base (phase II) was put into service, and phase III is planned to be completed in December 2021, which will be built into a domestic leading and international advanced comprehensive R&D base. The 4th line of construction project of TNGA series engines and the construction project of M15C engines of GAC Toyota Engine officially started production. In addition, GAC Toyota's new energy vehicle capacity expansion project (phase I and phase II) and Southern Intelligent Network New Energy Vehicle Testing Center were proceeding in an orderly manner.

GAC Honda's Zengcheng factory production capacity expansion project (phase II) with production capacity of 120,000 units/year commenced operation in February 2020. As at the end of the reporting period, the total vehicle production capacity amounted to 2,733,000 units/year.

4. *Empowered development by independent innovation*

In 2020, the Group's independent research and development yielded fruitful results. A new generation of powertrain platform brand "Julang Power" (「鉅浪動力」) was launched, 1.5TG, 2.0TM, 2.0ATK engines were certified as "Energy Efficiency Star" by CATARC, in which the thermal efficiency of 2.0ATK engine reaches 42.1%, making the public certification record of CATARC; G-MC2.0 electromechanical coupling system originated the parallel technology of dual motors and multi-gear series and obtained more than 100 patents, which could fully meet the equipping demand of PHEV/HEV models within the full range of platform vehicles of GAC Trumpchi. For the new energy vehicle sector, the Group completed the development of battery cells, possessed the capabilities of independent development and trial production of superior technologies such as silicon anode, and made phased progress in the projects such as integrated electric drive IDU, fuel-battery vehicles, new energy integrated controllers, etc. In the intelligent networking sector, the ADiGO 3.0 Smart Driving and Connected Ecosystem was newly upgraded, which could perform various functions including HWA Hands off (highway hands-off driving assistance), remote parking, etc. GAC's vehicle networking cloud platform system was connected to more than 1,000 data signals of vehicles to provide all-round monitoring. Aion V equipped with 5G V-BOX in-vehicle intelligent communication system and V2X application technology was put into mass production, and G-OS system, EEA3.0 electronic and electrical architecture platform, digital cockpit, automatic driving, etc. made phased progress. In the field of prospective appearance design, the concept car ENO.146 won the Gold Award of China Excellent Industrial Design Award.

5. *Enhanced quality and efficiency through synergy between different segments*

For the parts and components segment, GAC Component put forth effort on the investment in the core parts and components of new energy vehicles and related industrial chains, built a cascade research and development system for parts and components, and promoted 35 key product items such as car seats, micro motors, shifters, electric controllers, interior and exterior decorations, etc.

For the commercial services segment, GAC Business steadily promoted the sales channel construction, established 19 sales outlets in 2020, and innovated marketing mode to promote sales. Da Sheng Technology, as the core team in charge of GAC's digital transformation, focused on marketing empowerment in 2020, and meanwhile carried out the construction of the project clusters in the five major areas including digital marketing, digital control, big data, intelligent networking and basic architecture, to fully promote the implementation of GAC's digital transformation.

For the financial segment, GAC-SOFINCO actively promoted the sales of OEMs, and delivered continuously growing total profit; Urtrust Insurance launched exclusive brand insurance services for customers of GAC Trumpchi and GAC Honda to increase customer stickiness; GAC Capital accelerated its investment in the new four modernisation areas to expedite the internal incubation of scientific and technological innovation enterprises; GAC Finance opened fast credit granting channels to meet the financing needs of member companies, effectively easing their financial strain.

In the mobility segment, "ON TIME" (如祺出行) successfully entered Foshan market through launching the hitch ride business on the basis of cultivating Guangzhou market. During the reporting period, the market share increased steadily, ranking second in Guangzhou market in terms of market share.

6. *Deepened structural reform*

Consummated the work relating to "Double-Hundred Reform". The Group achieved remarkable results in various aspects such as the pilot project of professional managers, organisational reform, and strengthening of incentive-restricted mechanism. Particularly, the Group obtained the highest rating of Class A in the three special evaluations on institutional reform of "Double-Hundred Enterprises" of the State-owned Assets Supervision and Administration Commission of the State Council, and implemented the comprehensive reform plan of further deepening the "Double-Hundred Action" to promote the in-depth development of the Group's reform and innovation. The Group explored the incentive mechanism combining multiple methods, innovated and applied compound incentive tools, and implemented A-share options and restricted share incentive schemes covering 2,872 participants, thereby strengthening the binding of participants and enhancing the incentive effect. The Group also established and improved the core team incentive distribution systems for innovative and entrepreneurial venture enterprises to stimulate intrinsic vibrancy and accelerate the transformation of scientific and technological achievements. The Group vigorously implemented the mixed-ownership reform by encouraging the introduction of strategic investors to GAC Nio, so as to achieve cross-industry cooperation through capital injection.

Benchmarked against the world-class standard to resolutely carry out the three-year action for the reform of state-owned enterprises. The Group implemented the world-class benchmarking management improvement action plan to set forth 37 core goals and measures by benchmarking against the world-class standard in eight aspects including strategy, organisation, operation, etc., identified gaps and shored up areas of weakness, thereby comprehensively improved the overall core competitiveness of the Group. The Company continued to improve the corporate governance and internal control system by formulating and amending 112 rules and regulations, completing the election of independent directors at the expiration of office terms, carrying out the construction of compliance management system, promoting the mode of reform of the auditing institution, and strengthening risk management and control.

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

During the reporting period, the Group realised sales revenue of approximately RMB395.498 billion on an aggregated basis, representing an increase of approximately 5.87% as compared with the corresponding period last year.

During the reporting period, sales revenue of the Group amounted to approximately RMB63.157 billion, representing an increase of approximately 5.78% as compared with the corresponding period last year; net profit attributable to owners of the parent company amounted to approximately RMB5.964 billion, representing a decrease of approximately 9.85% as compared with the corresponding period last year. Basic earnings per share amounted to approximately RMB0.58, representing a decrease of approximately RMB0.07 as compared with the corresponding period last year.

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

1. Despite the impact of the downward pressure on the economy and the COVID-19 pandemic, the production and sales of the domestic automobile industry experienced a sharp decline, with the continuous improvement of the domestic pandemic control and the successive formulation and implementation of a series of favourable policies, the domestic automobile production and sales gradually recovered, and the industrial performance was much better than expected. Faced with the complex and changing situation, the Group actively took measures to boost business recovery, and the main indicators continued to improve, the decline rate in automobile sales volume for the year narrowed to 0.89% year-on-year, outperforming the domestic industry average level. The Group consistently persisted in positive research and development, independent innovation, accelerated the introduction of new products, and continuously enhanced the product power. During the reporting period, GAC Trumpchi M8 master version, GS4 PHEV, GS4 COUPE, GS8S, brand new GA8, GAC AION Aion V and other new, facelifted and annual models were launched, further enriching the star product portfolio of self-developed brand. Among which, the sales volume of self-developed new energy vehicles increased despite the unfavourable trend, with annual sales volume exceeding 60,000 units, representing a year-on-year increase of more than 40%.

2. Japanese series joint ventures launched new products and technologies which continuously enhanced overall competitiveness. Among which, GAC Toyota continued its upward progress despite the unfavourable trend, the main vehicle models were undersupplied, Wildlander and C-HR EV were newly launched, TNGA vehicle models were continuously enriched, and the structural proportion of new energy and energy-saving products continued to increase. GAC Honda's Breeze remained a hot seller, and facelifted Avancier, facelifted Acura CDX, Crider Sport Hybrid, Fourth Generation Fit, pure electric SUV VE-1+, etc. were newly launched.

3. Ancillary businesses in the upstream and downstream of the industrial chain such as financial services, parts and components and commercial services were deeply promoted by closely revolving around the Group's strategy, and the synergistic effect among business segments continued to emerge which facilitated the development of principal businesses. Among which, the continuous deepening of cooperation between financial enterprises as well as the business expansion and innovation strongly supported the Group's automobile sales; "ON TIME" (如祺出行) continuously enriched its product business and extended the scope of services, and its market share steadily increased during the reporting period.

As at 31 December 2020, 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 RMB68.575 billion and RMB130.613 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	631.57	597.04	5.78
Costs of sales	608.61	571.81	6.44
Selling and distribution costs	36.41	45.53	-20.03
Administrative expenses	38.50	35.90	7.24
Finance costs	4.40	5.16	-14.73
Interest income	4.32	4.62	-6.49
Share of profit of joint ventures and associates	95.71	93.99	1.83
Net cash flow generated from operating activities	-36.71	-23.88	-53.73
Net cash flow generated from investing activities	-29.38	-0.52	-5,550.00
Net cash flow generated from financing activities	-11.78	-17.11	31.15

1. Analysis on revenue and cost

During the reporting period, revenue of the Group amounted to approximately RMB63.157 billion, representing an increase of approximately 5.78% as compared with the corresponding period last year. This was mainly due to the combined effect of the gradual recovery of sales growth in the domestic automobile market, the optimisation of the production and sales structure of the Group's self-developed brand "Trumpchi" vehicle models, and the increase in the sales volume of "AION" new energy vehicles despite the unfavourable trend.

During the reporting period, the Group recorded costs of sales of approximately RMB60.861 billion, representing an increase of approximately 6.44% as compared with the corresponding period last year. Total gross profit amounted to approximately RMB2.296 billion, representing a decrease of approximately RMB227 million or approximately 9.00% as compared with the corresponding period last year. Gross profit margin decreased by 0.59 percentage point as compared with the corresponding period last year, mainly due to the combined effect of the impact of the COVID-19 pandemic, the year-on-year decrease in overall production and sales volume of self-developed brand of the Group, and the corresponding reduction in economies of scale.

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	379.59	376.97	0.69	5.27	6.21	-56.05
Auto-parts manufacturing industry	29.99	29.11	2.93	21.22	24.08	-43.33
Commercial services	196.90	186.29	5.39	4.45	3.74	13.71
Financial services and others	25.09	16.24	35.27	8.19	17.26	-12.44
Total	631.57	608.61	3.64	5.78	6.44	-13.95

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	379.38	376.81	0.68	5.27	6.20	-56.13
Vehicles related trades	226.89	215.40	5.06	6.40	6.09	5.64
Financial services and others	25.30	16.40	35.18	8.12	17.31	-12.62
Total	631.57	608.61	3.64	5.78	6.44	-13.95

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	620.97	598.51	3.62	4.30	4.68	-8.82
Hong Kong	10.60	10.10	4.72	538.55	14,328.57	-95.07
Total	631.57	608.61	3.64	5.78	6.44	-13.95

Analysis of sales and production volume

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	56,261	56,052	1,884	4.73	-3.96	9.79
SUV	217,415	224,470	12,089	-18.92	-16.07	-36.34
MPV	72,236	73,483	2,184	25.77	25.06	-36.46

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	32.91	5.25

Major Suppliers

Unit: 100 million Currency: RMB

Suppliers	Amount of procurement	Ratio to total procurement (%)
Total procurement from the top 5 suppliers	145.13	24.74

Amount of procurement fees paid to the largest supplier of the Group accounted for 9.06% 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. Expenses

(1) The decrease of approximately RMB912 million in selling and distribution costs as compared with the corresponding period last year was mainly attributable to the combined effect of the decrease in promotion and marketing expenditures, after-sales service and sales incentive during the reporting period as compared to the corresponding period last year.

(2) The increase of approximately RMB260 million in administrative expenses as compared with the corresponding period last year was mainly attributable to the combined effect of the increase in amortisation of intangible assets and the increase in post-employment benefits under the defined benefit plan during the reporting period.

(3) The decrease of approximately RMB76 million in finance costs as compared with the corresponding period last year was mainly attributable to the combined effect of the repayment of corporate bonds with nominal value of RMB2 billion and medium-term notes with nominal value of RMB300 million which led to the year-on-year decrease in interest expenses during the reporting period.

(4) The decrease of approximately RMB30 million in interest income as compared with the corresponding period last year was mainly attributable to the combined effect of the impact of the pandemic, the decrease in production and sales volume resulting in a reduction of funds, which led to 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	8.88
Capitalised research and development expenses for the period	41.54
Total research and development expenditures	50.42
Percentage of total research and development expenditures over total revenue (%)	7.98
Number of research and development staff	5,832
Number of research and development staff over total number of staff (%)	17.39
Percentage of capitalised research and development expenditures (%)	82.39

(2) During the reporting period, expenditures in research and development amounted to approximately RMB5.042 billion, representing a decrease of RMB234 million as compared with the corresponding period last year, mainly attributable to the continuous enhancement of 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, research and development of core parts and components, as well as a relatively higher expenditure in the phase of research and development in the corresponding period last year.

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 RMB9.571 billion, representing an increase of approximately RMB172 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.

5. Cash flows

(1) During the reporting period, net cash outflow generated from operating activities amounted to approximately RMB3.671 billion, representing an increased net outflow of approximately RMB1.283 billion as compared with net cash outflow of approximately RMB2.388 billion in the corresponding period last year, mainly due to the combined effect of the decrease in receipt of the discounted bills receivable, the increase in the expenditures on purchase of commodities for financial lease business, and the year-on-year increase in GAC Finance's deposits placed with the central bank and other financial institutions during the reporting period;

(2) During the reporting period, net cash outflow generated from investing activities amounted to approximately RMB2.938 billion, representing an increased net outflow of approximately RMB2.886 billion as compared with net cash outflow of approximately RMB52 million in the corresponding period last year, mainly due to the combined effect of the year-on-year decrease in the investment expenditures on purchase and construction of fixed assets and intangible assets and the increase in time deposits during the reporting period;

(3) During the reporting period, net cash outflow generated from financing activities amounted to approximately RMB1.178 billion, representing a decreased net outflow of approximately RMB533 million as compared with net cash outflow of approximately RMB1.711 billion of the corresponding period last year, mainly due to the combined effect of the year-on-year decrease in dividend distribution during the reporting period;

(4) As at 31 December 2020, cash and cash equivalent of the Group amounted to approximately RMB15.791 billion, representing a decrease of approximately RMB7.814 billion as compared with approximately RMB23.605 billion as at 31 December 2019.

6. Others

Income tax amounted to approximately RMB-356 million, representing an increase of approximately RMB61 million as compared with the corresponding period last year, mainly due to the changes in profit of certain enterprises 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 RMB5.964 billion, representing a decrease of approximately 9.85% as compared with the corresponding period last year; basic earnings per share amounted to approximately RMB0.58, representing a decrease of approximately RMB0.07 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 (%)
Trade and other receivables – current	196.16	13.73	168.44	12.25	16.46
Prepayments and long-term receivables	50.56	3.54	41.41	3.01	22.10
Financial assets at fair value through profit or loss – non-current	43.75	3.06	31.37	2.28	39.46
Intangible assets	122.59	8.58	108.10	7.86	13.40
Borrowings – non-current	84.73	5.93	76.92	5.60	10.15

2. Analysis on change

(1) Trade and other receivables – current: mainly due to the combined effect of the increase in trade receivables and the increase in short-term loans made during the reporting period;

(2) Prepayments and long-term receivables: mainly due to the combined effect of the increase of financial lease business and the increase in non-current loans made during the reporting period;

(3) 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;

(4) Intangible assets: mainly due to the combined effect of the increase in intangible assets through technological development during the reporting period;

(5) Borrowings – non-current: mainly due to the combined effect of the increased capital demand for business development of certain enterprises during the reporting period.

(III) ANALYSIS OF FINANCIAL POSITION

1. Financial indicators

As at 31 December 2020, the Group's current ratio was approximately 1.33 times, representing a decrease from approximately 1.36 times as at 31 December 2019, and quick ratio was approximately 1.18 times, representing a decrease from approximately 1.20 times as at 31 December 2019, which were within reasonable range.

2. Financial resources and capital structure

As at 31 December 2020, the Group's current assets amounted to approximately RMB56.643 billion, current liabilities amounted to approximately RMB42.543 billion and current ratio was approximately 1.33 times.

As at 31 December 2020, total borrowings amounted to approximately RMB14.977 billion, mainly consisting of corporate bonds issued by the Group with nominal value of RMB3 billion, medium-term notes with nominal value of RMB300 million, convertible bonds with closing balance of approximately RMB2.603 billion, short-term financial bonds with closing balance of approximately RMB400 million and loans from bank and financial institutions with closing balance amounting to approximately RMB8.535 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 2020, the Group's gearing ratio was approximately 14.73% (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 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 2020, third-party guarantee committed by the Group amounted to RMB0, whereas that as at 31 December 2019 was RMB0; as at 31 December 2020, financial guarantee given by the Company to its subsidiaries amounted to RMB0, and that as at 31 December 2019 was RMB0.

VI. ANALYSIS OF AUTOMOBILE MANUFACTURING INDUSTRY OPERATION

1. Production capacity

Existing production capacity

Names of major factories	Designed production capacity (ten thousand units)	Production capacity during the reporting period (ten thousand units)	Production capacity utilisation rate (%)
GAC Honda	77	80.56	107.41
GAC Toyota	60	76.50	127.50
GAMC (including GAC AION)	82	34.59	42.18
GAC Mitsubishi	20	7.61	38.05
GAC FCA	32.8	3.86	11.77
GAC Hino	1	0.32	32.00
GAC BYD	0.5	0.04	8.00
Total	273.3	203.48	75.00

Notes:

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

2. GAC Honda's Zengcheng factory production capacity expansion (addition of 240,000 units/year) project phase II with production capacity of 120,000 units/year commenced production at the end of February 2020, and the production capacity utilisation rate has been converted according to the actual production progress.

Production capacity in construction

Unit: '0,000 Currency: RMB

Names of the factories in construction	Planned investment amount	Investment amount during the reporting period	Total investment amount	Expected commencement date of production	Expected production capacity
GAC Toyota new energy vehicle expansion project (phase I and phase II)	1,132,988.6	293,314	399,402	2022	400,000 units

Production capacity calculation standards

Calculated based on standard production capacity and two production shifts.

2. Sales and production volume of whole vehicles

By vehicle models

	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	2,040,313	2,058,500	-0.88	2,031,206	2,020,161	0.55
Sedans	979,099	1,108,722	-11.69	976,355	1,090,750	-10.49
MPV	115,751	103,241	12.12	114,945	100,623	14.23
SUV	945,463	846,537	11.69	939,906	828,788	13.41
Commercial vehicle	3,443	3,660	-5.93	3,628	3,653	-0.68
Passenger vehicle	438	142	208.45	438	137	219.71
Truck	3,005	3,518	-14.58	3,190	3,516	-9.27
Total	2,043,756	2,062,160	-0.89	2,034,834	2,023,814	0.54

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	2,023,964	2,033,824	-0.48	16,349	24,676	-33.75
Sedans	973,742	1,092,933	-10.91	5,357	15,789	-66.07
MPV	115,318	102,901	12.07	433	340	27.35
SUV	934,904	837,990	11.57	10,559	8,547	23.54
Commercial vehicle	3,443	3,660	-5.93	–	–	–
Passenger vehicle	438	142	208.45	–	–	–
Truck	3,005	3,518	-14.58	–	–	–
Total	2,027,407	2,037,484	-0.49	16,349	24,676	-33.75

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

3. New energy vehicle business

Production capacity of new energy vehicles

Name of major factory	Designed production capacity (units)	Production capacity during the reporting period (units)	Production capacity utilisation rate (%)
Smart ecological plant (phase I) of GAC AION	100,000	61,717	61.72

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

Sales and production volume of new energy vehicles

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	61,574	42,224	45.83	61,717	43,078	43.27

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	709,626	122,800	17.30

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 actively took effective measures to implement the resumption of work and production, additional production and capacity expansion on the basis of strict prevention and control of the pandemic, resulting in steady development. Among which:

The production and sales of GAC Honda were 805,563 units and 805,786 units, representing an increase of 3.73% and 2.65% as compared to the corresponding period of last year; operating income was RMB118.42718 billion, representing an increase of approximately 12.03% as compared to the corresponding period of last year;

The production and sales of GAC Toyota were 764,999 units and 765,008 units, representing an increase of 14.08% and 12.17% as compared to the corresponding period of last year; operating income was RMB110.75850 billion, representing an increase of approximately 12.96% as compared to the corresponding period of last year;

The production and sales of GAMC were 345,912 units and 354,005 units, representing a decrease of 8.81% and 7.95% as compared to the corresponding period of last year; operating income was RMB41.96483 billion, representing an increase of approximately 3.05% 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, the unexpected outbreak of the COVID-19 pandemic materially impacted the automobile industry chain. With the gradual containment of the pandemic in China, the steady resumption of work and production, and the timely introduction of a series of policies on stimulating automobile consumption by national and local governments, the market demand gradually recovered, the industrial cycle continued to improve, and the consumption market steadily recovered. Overall, the performance of the automobile industry in 2020 was much better than expected. With the steady rebound of the national economy, the domestic automobile consumption demand is expected to continue to recover more rapidly in 2021. However, the current overseas pandemic is still severe and complicated, coupled with impacts such as the deteriorating global macroeconomic environment, it is expected that the automobile industry will still be affected by the pandemic, overcapacity and technological upgrading in 2021. Specifically, the stability and security of the supply chain (such as chip supply) may bring greater uncertainty to the development of the automobile industry. According to the forecast by CAAM, the total sales volume of automobile in China is expected to reach 26.3 million units in 2021, representing a year-on-year increase of approximately 4%.

During the “14th Five-Year Plan” period, electrification, networking and intelligentisation will provide new opportunities for the development of the automobile industry, and the automobile market in China will experience a better development period. During the “14th Five-Year Plan” period, the development layout and trend of the automobile industry will show the following characteristics:

In terms of policies, a standardised and legalised policy environment will become more mature. The domestic automobile industry policy will guide and force automobile enterprises to transform and upgrade rapidly in dimensions of energy saving and emission reduction, Internet+, independent innovation, all-around opening up and service-oriented manufacturing. The management approach of the industry will further change from “prior regulation” to “interim and post regulation”.

In terms of market, from the “incremental era” to the “inventory era”, brand competition will be more fierce, which will accelerate the formation of a new industrial layout. According to the forecast, the production and sales volume of automobile in China will reach 30 million units in 2025, and the compound annual growth rate during the “14th Five-Year Plan” period will be approximately 3.6%. The industrial structure will change fundamentally, and the advantageous resources will be continuously devoted to leading enterprises. New energy vehicles will experience high quality growth amidst market differentiation and structural adjustments, and it is expected that the percentage of sales volume will reach 20% in 2025. In addition, with the continuously deepening of digital transformation, the automobile value chain will move backward as a whole, and the aftermarket consumption potential will continue to be released.

In terms of technology, the commercialisation of intelligent networking vehicles will make a great breakthrough during the “14th Five-Year Plan” period. The interconnection of vehicles represented by the Internet of Vehicles and 5G will become the focus of future automobile technology development, and the value of software will significantly increase. According to the forecast of Boston Consulting Group, the market share of global autonomous vehicles (L4/L5) will reach 3% in terms of the sales volume of new vehicles in 2025.

In terms of enterprises, the co-existence of cooperation and competition among enterprises will become the mainstream. At present, cooperation in the traditional automobile industry, cooperation between upstream and downstream and cross-border cooperation have become an important development trend of the industry. Such cooperation is not only reflected in the business areas such as R&D, procurement, manufacturing and sales, but also in capital alliances, strategic alliances and other aspects, showing the multi-field, deep and multi-directional characteristics.

(2) Corporate development strategy

During the "14th Five-Year Plan" period, the Group will adhere to the development principle of "internal collaborative innovation and external open cooperation" to implement the "1615" development strategy, namely, to achieve one goal, which is to, by the end of "14th Five-Year Plan" period, challenge the production and sales volume of vehicles of 3.5 million units, the production and sales volume of new energy vehicles will account for 20% of that of whole vehicles, and to become an advanced mobile mobility service provider in the industry; to consolidate six major segments by strengthening the six major segments including R&D, manufacture of vehicle, parts and components, commercial services, financial services and mobility services; to highlight one key point by fully improving independent innovation capabilities to achieve high quality development of the Group; and to achieve five major improvements by fully realising the five major improvements in electrification, intelligent networking, digitalisation, sharing and internationalisation.

The Group's vision for 2035 is to strive to become a world-class enterprise with global competitiveness which is trusted by customers, brings employees happiness and is anticipated by the society, and to continuously create value for the colourful mobile life of mankind.

(3) Operational plan

In 2021, 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 spirits of the 19th CPC National Congress and the second, third, fourth and fifth plenary sessions of the CPC Central Committee and the Central Economic Working Conference, fully implement the important speeches delivered by General Secretary Xi Jinping to Guangdong and significant directions and instructions, thoroughly apply the new development philosophy and the Provincial Party Committee's "1+1+9" work deployment and the Municipal Party Committee's "1+1+4" work initiatives, and take "one centre, two unshakables, three changes and four reforms" as the main principle, to thoroughly deliver reform of quality, efficiency, momentum, system and mechanism. The Group will focus on the vision for 2035 and the "14th Five-Year Plan" development plan, actively construct a new development pattern, adhere to the general tone of seeking progress while maintaining stability, and take the strengthening of party building as our guide, to coordinate and advance the Group's seven major actions of "stabilising growth, improving performance, exercising strict benchmarking, ensuring supply, strengthening independence, seeking development, and cultivating brand", endeavour to seek opportunities in crisis and make progress in the changing situation, so as to ensure a smooth start of the "14th Five-Year Plan", and work hard to achieve the Group's high-quality development.

In 2021, the Group will focus on the vision for 2035 and the "14th Five-Year" development plan to strive for the goal of a 10% year-on-year growth in automobile sales for the year. Aiming at further improving the product structure and enhancing the overall competitiveness, the Group plans to launch more than 10 new and facelifted models, mainly including GAC Trumpchi EMP0W55, facelifted GS4, upgraded GS8 and facelifted GA4; GAC AION AION Y; facelifted GAC Honda Accord, facelifted Crider, Breeze Plug-in Hybrid, facelifted Odyssey Hybrid and EA6; facelifted GAC Toyota Camry, upgraded Highlander, facelifted C-HR and Wildlander PHEV; GAC FCA Jeep Compass PHEV; and GAC Mitsubishi pure electric A-level SUV LE, etc.

The main operational measures are as follows:

1. Head off to a good start by maintaining stable growth. Carry out coordinated work to conduct regularised pandemic prevention and control and production and operation, aim at the goals of the annual operational plan, continue to develop sources and reduce expenditure, strengthen incentive mechanisms, and go all out to maintain stable growth, so as to get the "14th Five-Year Plan" off to a good start.

2. Turn around from the losses and improve efficiency by implementing performance improvement actions. Speed up the introduction of new vehicles models, enhance overall planning and coordination, support profit-making entities to improve their profits, help entities with operating difficulties get out of trouble, and guide new ventures to explore their paths.

3. Exercise strict benchmarking to improve weak links by implementing strategic layout actions. Solidly promote the implementation of the world-class benchmarking management improvement action plan, coordinate and formulate the Group's three-year action plan for the reform of state-owned enterprises, continue to improve corporate governance, deepen organisational reform, accelerate mixed-ownership reform, promote the implementation of medium and long-term incentive plans that incorporate multiple methods, and establish flexible and efficient market-oriented operation mechanism.

4. Ensure supply and promote cooperation by implementing supply chain enhancement actions. Promote the nationalisation and localisation of key core parts and components, and strengthen the weakness in key core technologies more rapidly, so as to establish an independent, controllable, safe and reliable supply chain. Actively promote the completion and commissioning of key projects, and reinforce opening up and cooperation to explore new models of cooperation for new businesses and new industrial norms.

5. Focus on self-development and strengthen execution by implementing promising development and energy storage action. Improve the operational mechanism of the self-developed brand management committee and each professional committee, as well as the overall supervision system of vehicle models, to give full play to the advantages of integrated decision-making; and optimise the GPMA structure and improve the ability of cost control; devote resources to create hot-selling star vehicle models, effectively execute the "golden triangle" marketing strategy to improve the effectiveness of sales system, and build strong and characteristic service brands.

6. Pursue innovation and promote the four modernisations by implementing technological transformation actions. Overcome obstacles in the core technologies of electrification and intelligent networking, deepen digital transformation, explore sharing development models, vigorously develop high-end services, refine and strengthen automobile dealership, logistics and aftermarket businesses, and deepen business synergy in the financial segment to better support the development of main businesses.

7. Cultivate brands and promote culture by implementing soft power enhancement actions. Focus on the brand positioning of "mobile life value creator" to further improve the brand value system and build the image of technological GAC. The Company will also persevere in public charity engagement to bravely assume social responsibilities.

(4) Possible risks

1. Industry risks

The automobile industry is mostly influenced by the overall economic development level, and the automobile consumption will either be stimulated or inhibited by the pace of economic growth. The Sino-US trade friction in recent years, economic deglobalisation, and the global outbreak of the COVID-19 pandemic severely aggravated the uncertainties and instabilities in the domestic and overseas macro economy, which also further increased the risk of the development of the automobile industry.

Meanwhile, with the economic downturn, the gradual increase in vehicle ownership and the slowdown in industry growth, China's automobile market has entered a new stage of transformation from an incremental market to an inventory market. In addition, the structural overcapacity of the industry has gradually emerged, and the prices of luxury brands and joint venture brands are constantly dropping, which continuously squeeze the market space for self-developed brands, and further intensify industry competition.

2. Operational risks

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. After years of development, the Company gradually built its self-developed brand, Trumpchi, under which the products cover a full range of vehicle models such as sedans, SUV and MPV, and also successfully launched many star vehicle models, which have been widely recognised by consumers. However, according to the current situation, the Group's operational results tend to be more susceptible to the influence of the joint ventures. 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 impacts.

3. Risks of policies

In order to adapt to increasingly stringent emission standards and meet the requirements of the "dual points" policy, every automobile manufacturing enterprise must make reasonable adjustments to their product portfolios. Meanwhile, due to the negative impact of the continuously decreased subsidies and the need for ever improving supporting infrastructure, automobile enterprises are exposed to more operational risks. In addition, more and more cities promulgated policies to control the total number of vehicles due to the pressure on transportation, which bring negative impact to the local automobile consumption. Although the central and local governments have successively introduced some policies and measures to promote automobile consumption since the outbreak of the pandemic, when the pandemic will have been fully contained in the future, the termination of such policies and measures may also have certain impact on the automobile consumption market.

4. Risks of supply chain

The prolonged global spread of the COVID-19 pandemic and natural disasters have caused enterprises of key electronic components, such as chips, to operate under capacity, in addition, the development of China's automobile industry in 2020 outperformed international predictions, and the increased demand for consumer electronics such as household appliances and mobile phones, the global shortage in supply of chips occurred as a result, which seriously affected the development of China's automobile industry. At the same time, it also exposed a prominent problem regarding the security of key part and component supply chain of China's automobile industry, therefore, whether a safe, autonomous and controllable key part and component supply chain system can be established as soon as possible in the future will be an important factor in restricting the development of the industry.

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. Wong Hakkun (Chairman), Mr. Xiao Shengfang and Mr. Song Tiebo. 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 2020.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

Nil.

DIVIDEND

The Board recommended the payment of a final dividend for the year ended 31 December 2020 of RMB0.15 per share (Total dividend for 2020: RMB0.18 per share) (Total dividend for 2019: RMB0.2 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 of the Company incorporated in Hong Kong
"Company" or "GAC"	Guangzhou Automobile Group Co., Ltd. (廣州汽車集團股份有限公司)
"Da Sheng Technology"	Da Sheng Technology Co., Ltd. (大聖科技股份有限公司), a subsidiary of the Company established in June 2016 under PRC law, in which the Company and Urtrust Insurance hold approximately 74.30% equity interests in total
"GAC AION"	GAC AION New Energy Automobile Co., Ltd. (廣汽埃安新能源汽車有限公司) (formerly known as 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 Aisin"	GAC Aisin Automatic Gearbox Co., Ltd. (廣汽愛信自動變速器有限公司), an associated company jointly funded and established by GAMC, AISIN AW Co., Ltd. and Aida (China) Investment Co., Ltd. in December 2018 under PRC law, in which the Company indirectly holds 40% equity interests
"GAC Business"	GAC Business Co., Ltd. (廣汽商貿有限公司) (formerly known as Guangzhou Automobile Group Business Co., Ltd (廣州汽車集團商貿有限公司)), a wholly-owned subsidiary of the Company incorporated in March 2000 under PRC law
"GAC BYD"	Guangzhou GAC BYD New Energy Passenger Vehicle Co., Ltd. (廣州廣汽比亞迪新能源客車有限公司), a jointly controlled entity incorporated on 4 August 2014 under PRC law by the Company and BYD Company Limited, in which the Company holds 49% equity interests

"GAC Capital"	GAC Capital Co., Ltd. (廣汽資本有限公司), a wholly-owned subsidiary incorporated by the Company in April 2013 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 in August 2000 under PRC law by the Company 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 in March 2010 under PRC law by the Company and Fiat Chrysler Automobiles
"GAC Finance"	Guangzhou Automobile Group Finance Co., Ltd. (廣州汽車集團財務有限公司), a wholly-owned subsidiary of the Company incorporated in January 2017 under PRC law
"GAC Hino"	GAC Hino Motors Co., Ltd. (廣汽日野汽車有限公司), a jointly controlled entity incorporated in 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 in 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 entity incorporated in September 2012 under PRC law by the Company, Mitsubishi Motors Corporation and Mitsubishi Corporation
"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), a company jointly funded and established by the Company and Nio, Inc. in April 2018 under PRC law, in which the Company and its subsidiaries hold 25% equity interests in total after completion of capital injection in January 2021

"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 in 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 in 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 in February 2004 under PRC law by the Company and Toyota Motor Company, in which the Company holds 30% equity interests
"GAEI"	Guangzhou Automobile Group Company Automotive Engineering Institute, a branch company of the Company, established in June 2006 for the purpose of conducting research and development of the products and technology in which the Company has proprietary rights
"GAMC"	GAC Motor Co. Ltd. (廣汽乘用車有限公司) (formerly known as Guangzhou Automobile Group Motor Co. Ltd. (廣州汽車集團乘用車有限公司)), a wholly-owned subsidiary of the Company incorporated in July 2008 under PRC law
"Group" or "GAC Group"	the Company and its subsidiaries
"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 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 and 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 by the Company and Hino Motors, Ltd. in October 2003 under PRC law, in which the Company holds 30% equity interests
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SUV"	sports utility vehicle
"Times GAC"	Times GAC Energy Battery System Co., Ltd. 時代廣汽動力電池有限公司, an associated company jointly funded and established by the Company, GAC AION and Contemporary Amperex Technology Co., Ltd. in December 2018 under PRC law, in which the Company and GAC AION hold 49% equity interests in total
"Urtrust Insurance"	Urtrust Insurance Co., Ltd (眾誠汽車保險股份有限公司), a subsidiary incorporated in June 2011 under PRC law, in which the Group directly and indirectly holds a total of 53.55% equity interests

"Wuyang-Honda"	Wuyang-Honda Motors (Guangzhou) Co., Ltd. (五羊－本田摩托(廣州)有限公司), a jointly controlled entity incorporated by the Company, Honda Motor Co., Ltd. and Honda Technology & Research Industry (China) Investment Co., Ltd. in July 1992 under PRC law

By order of the Board
Guangzhou Automobile Group Co., Ltd.
ZENG Qinghong
Chairman

Guangzhou, the PRC, 25 March 2021

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 ZHAO Fuquan, XIAO Shengfang, WONG Hakkun and SONG Tiebo.