



广汽集团
GAC GROUP

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CRAFTED BY THE DRIVEN

Guangzhou Automobile Group Company Limited

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)

H Share Stock Code: 2238

A Share Stock Code: 601238

2020 ANNUAL REPORT



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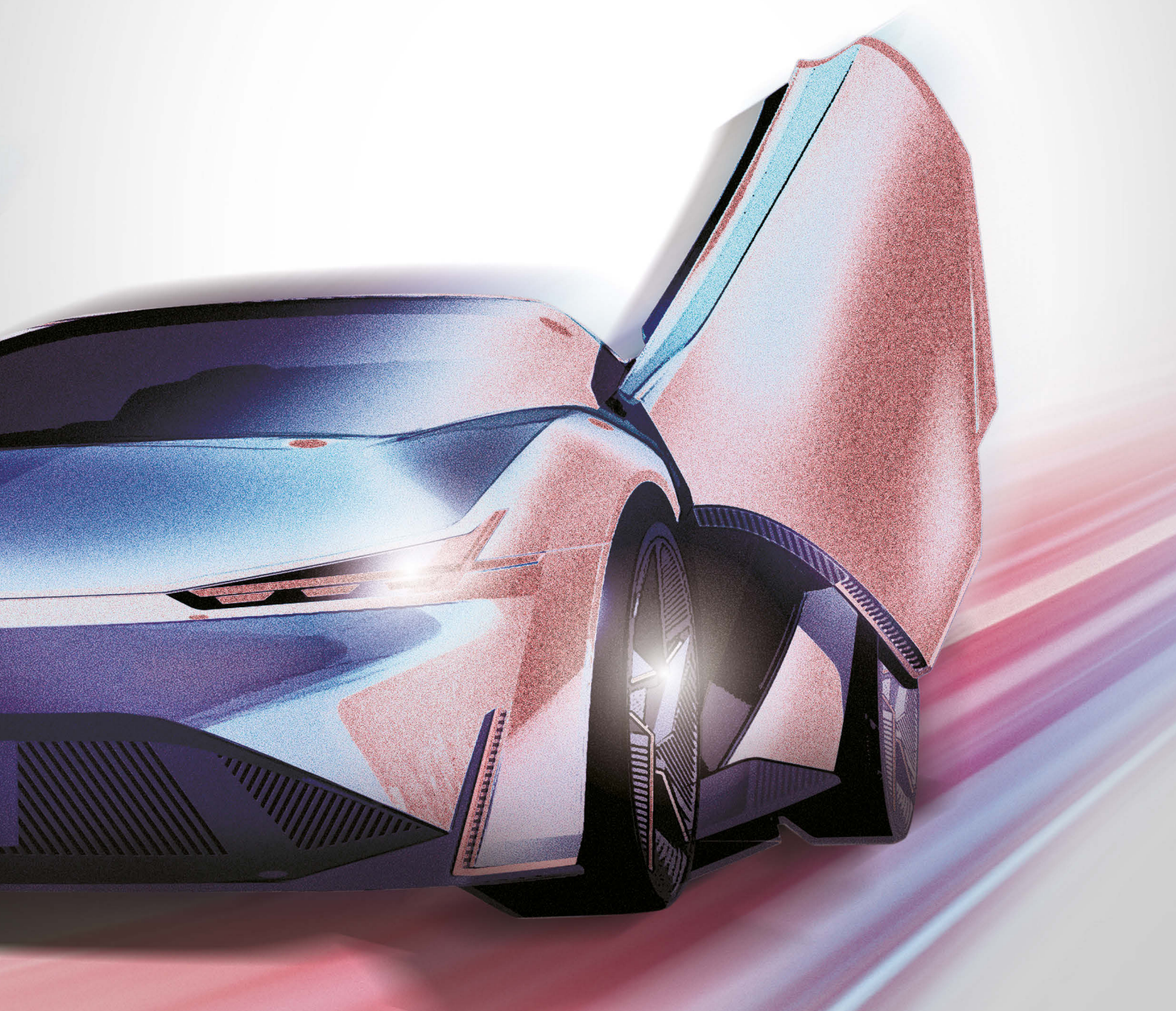
Important Notice

- 1. The Board, supervisory committee and the directors, supervisors and senior management of the Company warrant the authenticity, accuracy and completeness of the information contained in the annual report and there are no misrepresentations, misleading statements contained in or material omissions from the annual report for which they shall assume joint and several responsibilities.**
- 2. All directors of the Company have attended meeting of the Board.**
- 3. PricewaterhouseCoopers issued an unqualified auditors' report for the Company.**
- 4. Zeng Qinghong, the person in charge of the Company, Feng Xingya, the general manager, Wang Dan, the person in charge of accounting function and Zheng Chao, the manager of the accounting department (Accounting Chief), represent that they warrant the truthfulness and completeness of the financial statements contained in this annual report.**
- 5. The proposal for profit distribution or conversion of capital reserve into shares for the reporting period as considered by the Board**

The Board proposed payment of final cash dividend of RMB1.5 per 10 shares (tax inclusive). Together with the cash dividend of RMB0.3 per 10 shares (including tax) paid during the interim period, the ratio of total cash dividend payment for the year to net profit attributable to the shareholders' equity of listed company for the year would be approximately 31.18%.
- 6. Risks relating to forward-looking statements**

The forward-looking statements contained in this annual report regarding the Company's future plans and development strategies do not constitute any substantive commitment to investors and investors are reminded of investment risks.
- 7. No appropriation of funds of the Company by the controlling shareholder or its related parties for non-operational activities.**
- 8. There are no guarantees granted to external parties by the Company without complying with the prescribed decision-making procedures.**

**Corporate Profile &
Summary Of Business**





Corporate Profile and Summary of Business



“GAC Group is committed to becoming a mobile life value creator. It will promote the transformation of GAC into a technological enterprise through the improvement of its technological innovation capabilities.”

Group Profile

Guangzhou Automobile Group Co., Ltd. ("GAC Group") was established on 28 June 2005, and its predecessor was Guangzhou Automobile Group Company Limited, which was established in June 1997.

Headquartered at GAC Centre which is located in Zhujiang New Town, Tianhe District, Guangzhou, GAC Group is a A+H share listed state-owned stockholding enterprise group (601238.SH, 02238.HK).

Brand Culture

● Creativity Defines Our Future

With GAC philosophy as the core, GAC Group creates a corporate culture with GAC characteristics, building consensus and motivating brave advancement, which coheres with the values and strengths of every GAC people to form a "business community", and is moving towards the goal of building a world-class enterprise and the vision of everlasting prosperity.

● Crafted by the Driven

GAC Group adheres to the brand core of Detailing and Greatness, never forgets the mission of craftsmanship and pursuit of excellence, strives to become a mobile life value creator, and provides innovative value for users' mobile life, promoting industrial enhancement and social development.



Corporate Culture Slogan
Creativity Defines Our Future



Corporate Philosophy
Humanity, Credibility, Creativity



Corporate Vision
To become a world-class enterprise which is trusted by customers, brings employees happiness and is anticipated by the society, and continuously create value for the colourful mobile life of mankind.



Brand Slogan
Crafted by the Driven



Positioning of Brand
Mobile Life Value Creator



Brand Claims
To meticulously and dedicatedly create value with ingenuity for consumers and employees, cooperation and investment partners, industry and the society.

I. DESCRIPTION OF THE MAIN BUSINESS AND BUSINESS MODEL OF THE COMPANY AND INDUSTRY SITUATION DURING THE REPORTING PERIOD

(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.



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.



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.





Corporate Profile and Summary of Business

➤ 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.

(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.

Production capacity:

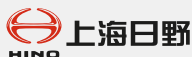
During the reporting period, GAC Honda's Zengcheng factory production capacity expansion project (phase II) with production capacity of 120,000 units/year has commenced operation in February 2020. As at the end of the reporting period, the total vehicle production capacity amounted to **2,733,000 units/year**.

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.

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.





Corporate Profile and Summary of Business

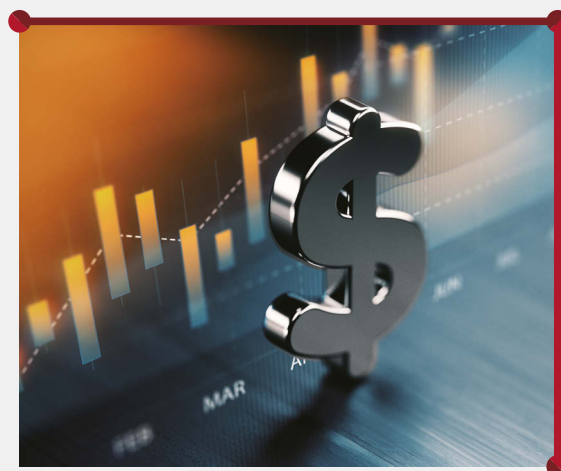
COMMERCIAL SERVICES SEGMENT

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.



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.



Corporate Profile and Summary of Business

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.

Chairman's Statement





Chairman's Statement



ZENG Qinghong
Chairman

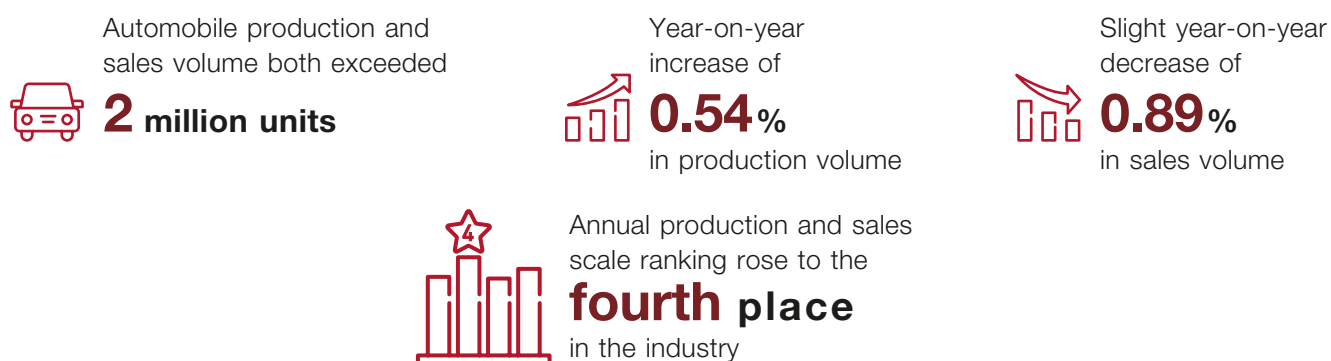
DEAR SHAREHOLDERS,

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 outperformed the industry and created 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.



Chairman's Statement

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.



Chairman's Statement

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.

Automobile sales volume 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

Exceeded **2** million units for four consecutive years

A compound annual growth rate of **9.5%**

Market share increased from **5.3%** to **8.1%**

Total operating income on an aggregated basis **Exceeded RMB300 billion for four consecutive years,**
Listed in the world's top 500 companies successively,
Highest ranking of No. 189.

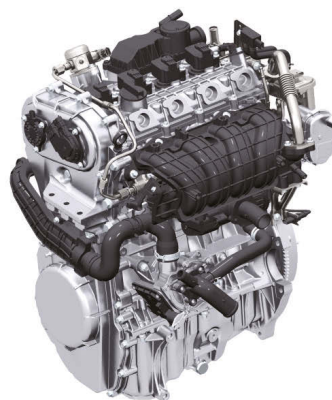
enter a new phase of high quality development and a new development layout with domestic major cycle as the main body and mutual promotion of domestic and international dual cycles, under which the automobile industry will experience a critical period for a round of transformation and upgrading. The 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.

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



Chairman's Statement

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!

Zeng Qinghong
Chairman

Discussion And Analysis On Operation

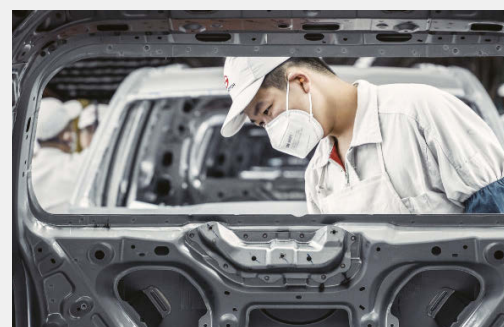


e-TIME

In response to the transformation and upgrading of the automobile industry, GAC Group is constantly pursuing technological innovation to transform into a technological enterprise.

The Group launched the e-TIME action plan to implement its “13th Five-Year Plan” and the mid- and long-term development strategies.

- e**xperience 顧客體驗
- T**echnology 科技創新
- I**ntelligence 智能網聯
- M**anufacture 智能製造
- E**lectrification 電氣化



I. DISCUSSION AND ANALYSIS ON OPERATION

(I) 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.

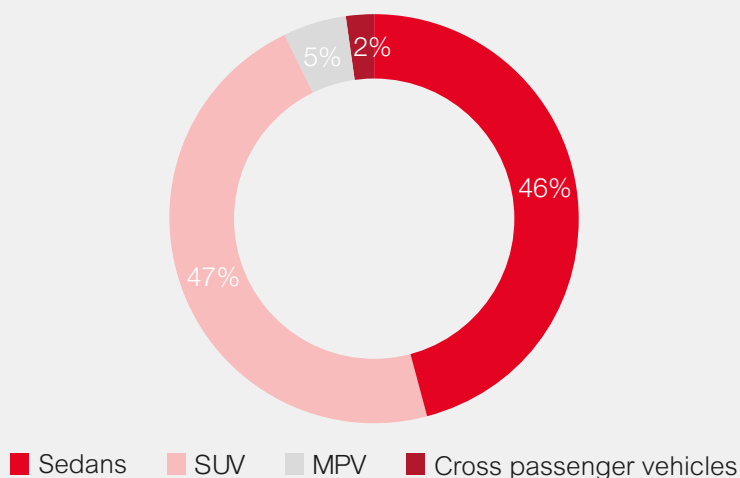
Monthly Automobile Sales Volume in China from 2018 to 2020





Discussion And Analysis On Operation

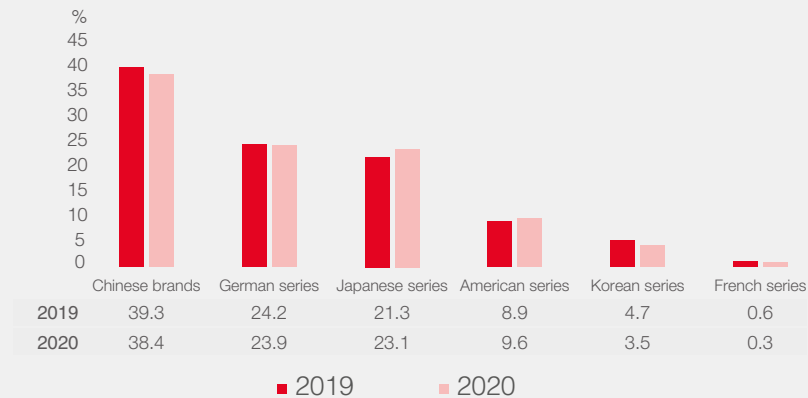
Market Share of Passenger Vehicles by Models in China in 2020



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.

Market Share of Passenger Vehicles by Series in China in 2020



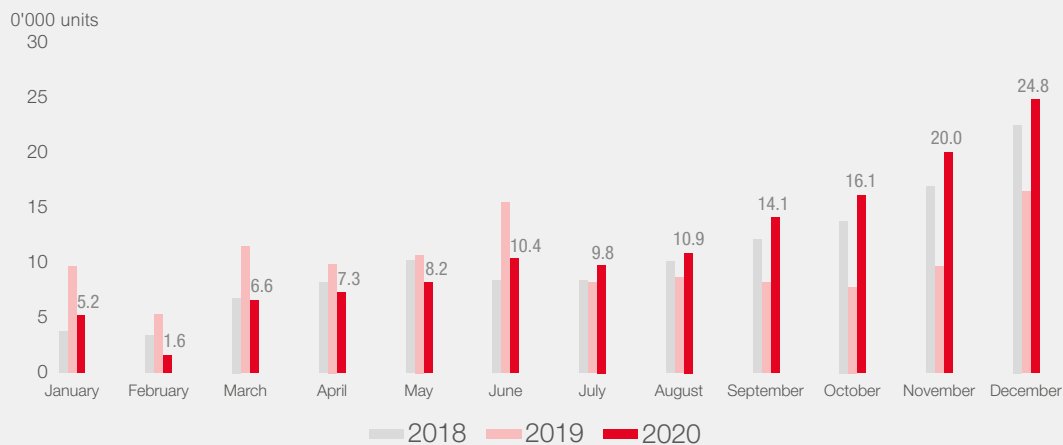
Driven by certain factors such as the elimination of National Standard III vehicles and infrastructure investment, the production and sales volume of commercial vehicles substantially increased throughout the year. In 2020, the production and sales volume of commercial vehicles was 5,231,200 units and 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.



Discussion And Analysis On Operation

Monthly Sales Volume of New Energy Vehicles in China from 2018 to 2020



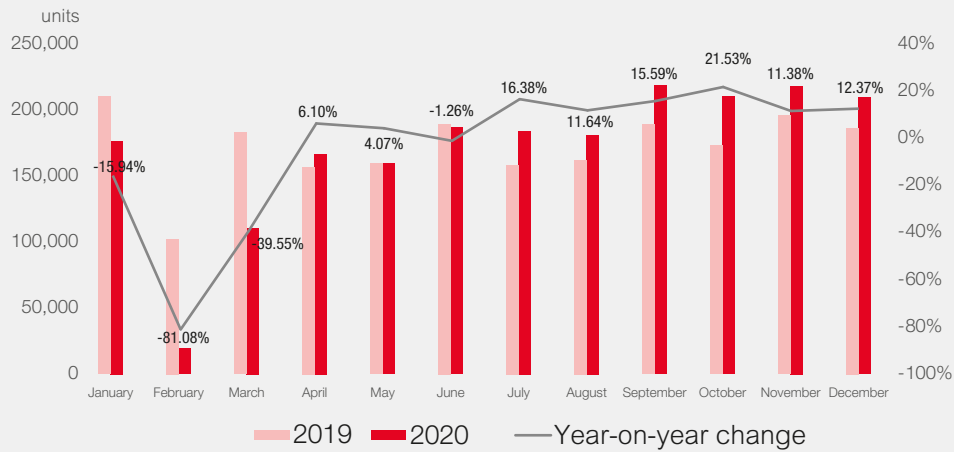
Note: The above industry data was from CAAM.

(II) 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%.

Monthly Sales Volume of GAC Group



By vehicle models

Vehicle types	Sales volume (units)			Production volume (units)		
	Total number for the year	Total number for last year	Changes in sales volume compared with the corresponding period 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%



Discussion And Analysis On Operation

By regions

Vehicle types	Domestic sales (units)			Overseas sales (units)		
	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 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.

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.



Discussion And Analysis On Operation

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.

Accord
ranked **first**
in the domestic
medium to high end
sedan segment market
in terms of retail sales
volume in 2020



Camry
ranked **second** in the
domestic medium
to high end sedan
segment market in
terms of retail sales
volume in 2020

AION S
ranked **first**
in the domestic new energy
A-level sedan segment
market in terms of retail
sales volume in 2020



Note: The above data was from China Passenger Cars Association.

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.



**TRUMPCHI
M8 MASTER
VERSION**



WILDLANDER



AION V



FOURTH GENERATION FIT



Discussion And Analysis On Operation

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.



Discussion And Analysis On Operation

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.



Discussion And Analysis On Operation

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 non-executive 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.

II. 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.



Discussion And Analysis On Operation

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	Change (%)
		period last year	
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 (%)	revenue over last year (%)	Increase/	Increase/
					decrease in cost of sales over last year (%)	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



Discussion And Analysis On Operation

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 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 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		Inventory	Increase/ decrease in production volume over last year (%)	Increase/ decrease in sales volume over last year (%)	Increase/ decrease in inventory over last year (%)
	volume	Sales volume		last year	over last year	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 customers	32.91	5.25

Major Suppliers*Unit: 100 million Currency: RMB*

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



Discussion And Analysis On Operation

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 or major customers.

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.

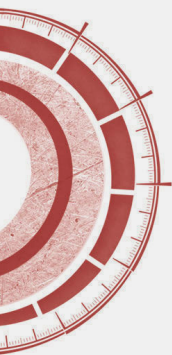
3. Research and development expenditures

(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.



Discussion And Analysis On Operation

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.

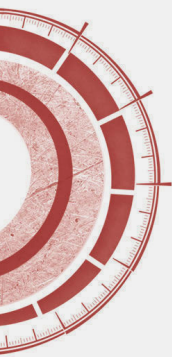
To sum up, the Group's net profit attributable to owners of the parent company for the reporting period was approximately RMB5.964 billion, representing a decrease of approximately 9.85% as compared with the corresponding period last year; basic earnings per share amounted to approximately RMB0.58, representing 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



Discussion And Analysis On Operation

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.

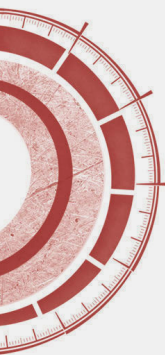
As at 31 December 2020, the Group's gearing ratio was approximately 14.73% (Calculation of gearing ratio: $(\text{borrowings in non-current liabilities} + \text{borrowings in current liabilities}) / (\text{total equity} + \text{borrowings in non-current liabilities} + \text{borrowings in current liabilities})$).

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.



Discussion And Analysis On Operation

III. 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:

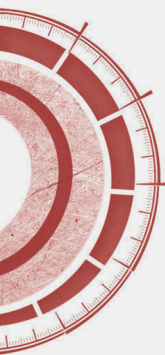
1. Production capacity during the reporting period refers to the actual production volume during the reporting period.
2. GAC Honda's Zengcheng factory production capacity expansion (addition of 240,000 units/year) project phase II with production capacity of 120,000 units/year commenced production at 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*

Name of the factory 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.



Discussion And Analysis On Operation

2. 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)			Production volume (units)		
	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	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

IV. MATERIAL INVESTMENT

During the reporting period, the Group did not hold any material investment.

V. MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES, ASSOCIATED COMPANIES AND JOINT VENTURES

During the reporting period, the Group did not have any material acquisitions and disposal of subsidiaries, associated companies or joint ventures.

VI. MATERIAL DISPOSAL OF ASSETS AND EQUITY INTEREST

Nil.

VII. 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:

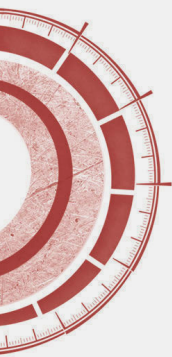
The production and sales of GAC Honda were 805,563 units and 805,786 units, representing an increase of 3.73% and 2.65% as compared to the corresponding period of last year; operating income was RMB118.42718 billion, representing an increase of approximately 12.03% as compared to the corresponding period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

VIII. STRUCTURED ENTITIES UNDER THE CONTROL OF THE COMPANY

Nil.



Discussion And Analysis On Operation

IX. 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%.

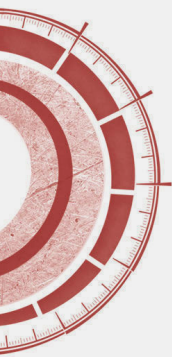
During the “14th Five-Year Plan” period, electrification, networking and intelligentisation will provide new opportunities for the development of the automobile industry, and the automobile market in China will experience a better development period. During the “14th Five-Year Plan” period, the development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



Discussion And Analysis On Operation

(2) CORPORATE DEVELOPMENT STRATEGY

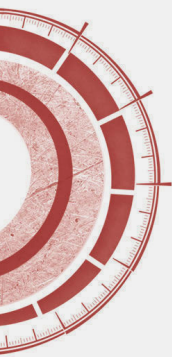
During the “14th Five-Year Plan” period, the Group will adhere to the development principle of “internal collaborative innovation and external open cooperation” to implement the “1615” development strategy, namely, to achieve one goal, which is to, by the end of “14th Five-Year Plan” period, challenge 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.

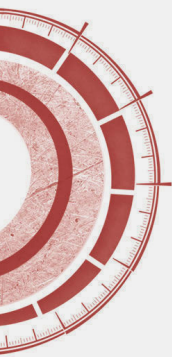


Discussion And Analysis On Operation

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.



Discussion And Analysis On Operation

(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

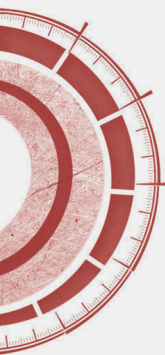
The Group established close relationship of cooperation with international partners such as Honda, Toyota, FCA, Mitsubishi and Hino. Joint venture enterprises established with such partners had a significant influence on the operational results of the Company. The Company continued to nurture self-developed 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.



Significant Events

I. PROPOSED PROFIT DISTRIBUTION PLAN FOR ORDINARY SHARES OR CONVERSION OF CAPITAL RESERVES

(I) FORMULATION, IMPLEMENTATION AND ADJUSTMENTS OF CASH DIVIDEND POLICY

During the reporting period, the Group has strictly complied with the requirements of the Articles of Association and the dividend distribution plans for shareholders (2018-2020) of Guangzhou Automobile Group Co., Ltd. During the reporting period, profit distribution plans for the year of 2019 and for the interim period of 2020 were implemented, among which the criteria and proportion of cash dividend were clear, and the related decision-making procedures and mechanisms were complete and in compliance with the regulations. Independent non-executive directors performed their duties diligently and expressed their independent opinions.

(II) SCHEMES OR PLANS FOR PROFIT DISTRIBUTION FOR ORDINARY SHARES AND CONVERSION OF CAPITAL RESERVE INTO SHARES IN THE LAST 3 YEARS (INCLUDING THE REPORTING PERIOD)

Unit: 000 Currency: RMB

Dividend Year	Number of bonus shares issued for every 10 shares (share)	Dividends paid for every 10 shares (yuan) (tax inclusive)	Number of shares transferred to share capital for every 10 shares (share)	Amount of cash dividend (tax inclusive)	Net profit attributable to the holders of the ordinary shares of the Company in the consolidated financial statements during the year	Percentage of the net profit attributable to the holders of the ordinary shares of the Company in the consolidated financial statements (%)
2020	0	1.8	0	1,859,787	5,964,055	31.18
2019	0	2.0	0	2,047,541	6,616,265	30.95
2018	0	3.8	0	3,886,913	10,899,603	35.66

Note: The Company proposes to distribute final dividend for 2020 of RMB0.15 (tax inclusive) in cash for every share to registered shareholders on the share record date. Due to the effect of the conversion of convertible bonds into shares and the exercise of share options, the total amount of dividend actually distributed shall be determined based on the total share capital on the share record date. The amount of dividend shown in the above table was temporarily calculated based on the total share capital of 10,350,992,882 shares of the Company on 28 February 2021 and the total amount of final dividend would be RMB1,552,648,932.30. As interim dividend of RMB307,137,874.14 was distributed in 2020, a total dividend of RMB1,859,786,806.44 would be distributed in 2020.

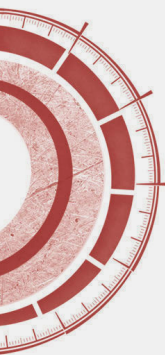
(III) RESERVES AVAILABLE FOR DISTRIBUTION TO SHAREHOLDERS

According to the Articles of Association, the distributable reserves of the Company are based on the profit after taxation determined pursuant to the Generally Accepted Accounting Principles of the PRC and Hong Kong Financial Reporting Standards (whichever is lower). As at 31 December 2020, the Company's reserves available for distribution to shareholders amounted to RMB25,563,568,000 (2019: RMB20,587,427,000).

II. PERFORMANCE OF UNDERTAKINGS

(I) THE UNDERTAKINGS BY THE ULTIMATE CONTROLLERS, SHAREHOLDERS, RELATED PARTIES, PURCHASERS OF THE COMPANY, THE COMPANY AND OTHER RELEVANT PARTIES DURING THE REPORTING PERIOD OR SUBSISTING DURING THE REPORTING PERIOD

Background of undertakings	Type of undertakings	Undertaker	Contents of undertakings	Time and period of undertaking	Is there a fulfillment time limit	Whether fulfilled strictly in time
Undertaking in connection with refinancing	Shares with trading moratorium	Guangzhou Huijin Tianyue Equity Investment Fund Management Co., Ltd. (廣州匯垠天譽股權投資基金管理有限公司), Guangzhou State-owned Assets Development Holdings Co., Ltd. (廣州國資發展控股有限公司), Guangzhou Finance Holdings Assets Management Co., Ltd. – GFHAM Wealth Management Select No. 3 Private Investment Fund (廣州金控資產管理有限公司—廣金資產財富管理優選3號私募投資基金), Guangzhou Light Industry & Trade Group Co., Ltd. (廣州輕工實業集團有限公司), Suiyong Holdings Co., Ltd. (穗甬控股有限公司)	The A shares of the Company subscribed under the non-public issuance and the Company's shares held on the basis of this subscription for A shares as a result of the Company's distribution of stock dividends and capitalisation of shares after the completion of issuance shall not be directly or indirectly transferred within 36 months from the completion date of issuance.	17 November 2017 – 16 November 2020	Yes	Yes



Significant Events

Background of undertakings	Type of undertakings	Undertaker	Contents of undertakings	Time and period of undertaking	Is there a fulfillment time limit	Whether fulfilled strictly in time
Other commitments to the medium and small shareholders of the Company	Dividends	The Group	Provided that the profit and cash of the Company is sufficient for the continuous operation and long term development of the Company, the profit distributed in cash in each of the years between 2018 and 2020 shall be no less than 10% of the distributable profit realised in such year, whereas the cumulative profit distributed in cash for the three consecutive years shall be no less than 30% of the average distributable profits realised in these three years. Articles of Association: Profit distributed in cash shall be no less than 10% of the distributable profit realised in such year.	2018-2020	Yes	Yes
Other commitments to the medium and small shareholders of the Company	Non-competition	GAIG	(1) Directly or indirectly do or participate in (or assist in doing or participating in) any business or activities which compete or may compete with the principal business of the Company in any manner (including but not limited to investment, merger and acquisition, forming associates, joint venture, cooperation, partnership, trust, underwriting, operating lease, acquisition of equity or joint stock), whether solely or jointly with other parties, in the PRC or overseas; (2) support any person other than promoters of the Company or subsidiaries of the promoters to do or participate in any business which competes or may compete with the principal business of the Company in any manner in the PRC or overseas; (3) intervene in any business or activities which compete or may compete with the principal business of the Company by other means (whether directly or indirectly), provided that the above undertaking shall not be applicable where GAIG or its subsidiaries (other than the Company and its subsidiaries) acquire or hold for investment purpose not more than 5% interest in other company listed on an internationally recognised stock exchange whose principal business competes or may compete with the principal business of the Company; or where GAIG or its subsidiaries or investee company hold not more than 5% interest in a third party whose principal business competes or may compete with the principal business of the Company as a result of the debt restructuring of third parties; (4) if GAIG or its subsidiaries (other than the Company and its subsidiaries) come across any new business opportunity which competes or may compete with the principal business of the Company, it shall immediately inform the Company in writing, and shall use its best endeavours to procure such business opportunity be first offered to the Company or its subsidiaries on fair and reasonable terms and conditions. The Company shall, within 30 days from receiving the aforesaid notification, notify GAIG or its subsidiaries (other than the Company and its subsidiaries) in writing whether or not the Company or its subsidiaries intend to take up the aforesaid business opportunity. Upon receiving notification from the Company that it intends to take up such opportunity, GAIG or its subsidiaries shall refer such business opportunity to the Company or its subsidiaries; (5) if the Company or its subsidiaries decide not to take up such business opportunities for any reason, upon receiving notification from the Company of such intention or the Company fails to respond in writing to GAIG or its subsidiaries within the said 30-day period, GAIG or its subsidiaries (other than the Company and its subsidiaries) may operate such new business on its own; (6) in the future, when GAIG or its subsidiaries (other than the Company and its subsidiaries) operate such new business which competes or may compete with the principal business of the Company pursuant to paragraph (5) above, or due to adjustments in national policies or other force majeure or unexpected events, such that competition in the same business occurs or becomes inevitable, GAIG or its subsidiaries (other than the Company and its subsidiaries) shall offer an option to the Company or its subsidiaries, pursuant to which the Company or its subsidiaries shall have the right to acquire any equity, asset and other interest in the competing business from GAIG or its subsidiaries in accordance with statutory processes in one or multiple tranches, or the Company or its subsidiaries may elect to operate assets or businesses in the competing business by way of entrusted operation, operating lease or underwriting operation in accordance with statutory processes, provided that the relevant laws and regulations of the PRC and the listing rules of the relevant stock exchange then in force are complied with.	Long-term	Yes	Yes

(II) EXPLANATION ON WHETHER THE COMPANY HAS ACHIEVED ITS PROFIT FORECAST IN RELATION TO ASSETS OR PROJECTS, IF THERE IS ANY PROFIT FORECAST IN RELATION TO THE COMPANY'S ASSETS OR PROJECTS, AND THE REPORTING PERIOD IS WITHIN THE PROFIT FORECAST PERIOD

Met Unmet N/A

III. APPROPRIATION OF FUNDS AND REPAYMENT OF DEBTS AND LIABILITIES DURING THE REPORTING PERIOD

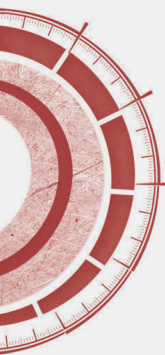
Applicable N/A

IV. APPOINTMENT OR DISMISSAL OF ACCOUNTANTS

Currently appointed

Name of domestic accounting firm	BDO China Shu Lun Pan Certified Public Accountants LLP
Remuneration of domestic accounting firm	RMB830,000
Audit years of domestic accounting firm	12 years
Name of overseas accounting firm	PricewaterhouseCoopers Certified Public Accountants and Registered PIE Auditor
Remuneration of overseas accounting firm	RMB3,100,000
Audit years of overseas accounting firm	10 years

	Name	Remuneration
Internal control auditor	BDO China Shu Lun Pan Certified Public Accountants LLP	RMB370,000



Significant Events

EXPLANATION ON APPOINTMENT AND DISMISSAL OF ACCOUNTING FIRMS

As considered and approved at the 41st meeting of the 5th session of the Board, the 14th meeting of the 5th session of the supervisory committee and the 2019 annual general meeting of the Company, the Company re-appointed BDO China Shu Lun Pan Certified Public Accountants LLP and PricewaterhouseCoopers as auditors of the Company for the year 2020.

CHANGE OF ACCOUNTING FIRM DURING THE AUDITING PERIOD

Applicable N/A

V. DESCRIPTION OF RISKS OF SUSPENSION OF LISTING

Applicable N/A

VI. MATTERS RELATING TO INSOLVENCY OR RESTRUCTURING

Applicable N/A

VII. MATERIAL LITIGATIONS AND ARBITRATIONS

The Company had no material litigation and arbitration during the year

VIII. PUNISHMENT ON THE COMPANY AND ITS DIRECTORS, SUPERVISORS, SENIOR MANAGEMENT, CONTROLLING SHAREHOLDERS, ULTIMATE CONTROLLERS AND PURCHASERS AND RELEVANT RECTIFICATIONS

Applicable N/A

IX. DESCRIPTION OF INTEGRITY OF THE COMPANY AND ITS SHAREHOLDERS AND ACTUAL CONTROLLERS DURING THE REPORTING PERIOD

Applicable N/A

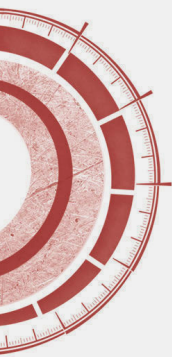
X. SHARE OPTION SCHEME, EMPLOYEE STOCK OWNERSHIP SCHEME OR OTHER STAFF INCENTIVES OF THE COMPANY AND THEIR IMPACTS

A-SHARE OPTION

A-share option represents the right granted to a participant by the Company to acquire certain number of A shares of the Company at a pre-determined price and conditions within a particular period of time. The source of the underlying shares shall be the ordinary A shares to be issued by the Company to the participants.

RESTRICTED SHARES

Restricted shares represent a certain number of A shares of the Company granted to the participants by the Company under the conditions and at the price as stipulated in the incentive scheme, which are subject to the lock-up period and can only be unlocked for trading when the unlocking conditions under the incentive scheme are satisfied. The source of the underlying shares shall be the ordinary A shares to be issued by the Company to the participants.



Significant Events

2017 SECOND A SHARE OPTION INCENTIVE SCHEME

In order to further refine the corporate governance structure of the Company, facilitate the establishment and improvement of incentive systems of the Company, fully mobilise the enthusiasm, sense of responsibility and sense of mission of the directors, senior management and other key personnel in core technology, business and management of the Company, and effectively bond the interests of shareholders, the Company and individual operators, making all parties to attend to and jointly strive for the long-term development of the Company, the second A share option incentive scheme (the **“Second Share Option Incentive Scheme”**) was formulated and passed at the 2017 second extraordinary general meeting and the 2017 first class meetings for holders of A and H shares of the Company held on 18 December 2017. A total of 403,335,400 A share options were granted to 2,358 participants upon the Company’s implementation of the initial grant under the Second Share Option Incentive Scheme on the same date and the registration of grant was completed on 9 February 2018. The participants under the initial grant pursuant to the Second Share Option Incentive Scheme include the directors (excluding independent directors), senior management and other management personnel and core technical (business) key personnel of the Company having direct impact on the operation results and development of the Company. Participants eligible for the grant of reserved options shall include core talents of the Company’s new energy and intelligent network business or other management and technical personnel having significant impact on the Company’s operation and development, who should be introduced or promoted. The aforesaid personnel shall be considered and approved by the Board and shall be confirmed within 12 months after consideration and approval of the Second Share Option Incentive Scheme at the shareholders’ meetings and shall not duplicate any participant under the initial grant.

As at 18 December 2017, the exercise price of the A share options was RMB28.40 per share. The closing price of the A shares of the Company immediately prior to the date of grant of the Second Share Option Incentive Scheme was RMB24.06 per share.

On 17 December 2018, the Company granted an aggregate of 62,336,900 A share options, being the share options reserved for grant under the Second Share Option Incentive Scheme, to 457 eligible participants to subscribe for a total of 62,336,900 A shares. The exercise price was RMB10.61 per A share and would be adjusted in accordance with the relevant requirements under the Second Share Option Incentive Scheme in the event of conversion of capital reserve into shares, bonus issue, subdivision, right issue or consolidation of shares of the Company which had taken place prior to any exercise. The closing price of the A shares of the Company immediately prior to the date of grant of the Second Share Option Incentive Scheme was RMB10.49 per share.

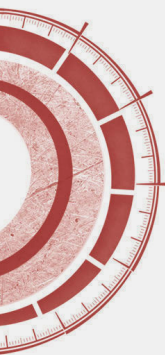
The Second Share Option Incentive Scheme shall be effective for 6 years and its vesting period is 24 months. If the conditions of exercise under the scheme are fulfilled on the exercise date, participants shall exercise their A share options in different periods within 36 months after expiry of the 24-month period from the date of grant. Due to the corresponding adjustments made in accordance with the Company's profit distribution plan as well as resignation, retirement, appraisal and unsatisfied performance of participants, as at the end of the reporting period, the number of securities issuable under the Second Share Option Incentive Scheme was 216,665,000 shares, representing approximately 2.09% of total issued shares of the Company as at 31 December 2020.

The exercise arrangements in each stage of the A share options under initial grant are as follows:

Exercise arrangement	Exercise period	Exercise proportion
First exercise	Commencing on the first trading day after expiry of the 24-month period from the date of initial grant and ending on the last trading day of the 36-month period from the date of grant	1/3
Second exercise	Commencing on the first trading day after expiry of the 36-month period from the date of initial grant and ending on the last trading day of the 48-month period from the date of grant	1/3
Third exercise	Commencing on the first trading day after expiry of the 48-month period from the date of initial grant and ending on the last trading day of the 60-month period from the date of grant	1/3

The exercise arrangements in each stage of the reserved A share options to be granted are as follows:

Exercise arrangement	Exercise period	Exercise proportion
First exercise	Commencing on the first trading day after expiry of the 24-month period from the date of grant of reserved share options and ending on the last trading day of the 36-month period from the date of grant	1/3
Second exercise	Commencing on the first trading day after expiry of the 36-month period from the date of grant of reserved share options and ending on the last trading day of the 48-month period from the date of grant	1/3
Third exercise	Commencing on the first trading day after expiry of the 48-month period from the date of grant of reserved share options and ending on the last trading day of the 60-month period from the date of grant	1/3



Significant Events

The remaining life of the Second Share Option Incentive Scheme is approximately 3 years. The participants shall complete the exercise of share options within the validity period. If the conditions of exercise are not fulfilled, the A share options for that period shall not be exercised. If the conditions of exercise are fulfilled but not all of the relevant share options for that period have been exercised, such portion of the A share options shall lapse automatically and shall be cancelled by the Company.

On 22 June 2020, as a result of the implementation of the final profit distribution plan of 2019, the exercise price of the initial grant of the Second Share Option Incentive Scheme was adjusted to RMB19.40/A share, and the exercise price of the reserved share option was adjusted to RMB10.13/A share. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Initial Grant and Reserved Share Option of the Second Share Option Incentive Scheme” (Announcement No.: Lin 2020-048) published on the websites of SSE and the Stock Exchange on 14 June 2020.

On 21 September 2020, according to the interim profit distribution plan of 2020, the exercise price of the initial grant of the Second Share Option Incentive Scheme was adjusted to RMB19.37/A share, and the exercise price of the reserved share option was adjusted to RMB10.10/A share. For details, please refer to the “Announcement on Adjusting the Exercise Price of the Initial Grant and Reserved Share Option of the Second Share Option Incentive Scheme” (Announcement No.: Lin 2020-071) published on the websites of SSE and the Stock Exchange on 10 September 2020.

The first exercise period for the initial grant of the Second Share Option Incentive Scheme was from 18 December 2019 to 17 December 2020, during which no option was exercised.

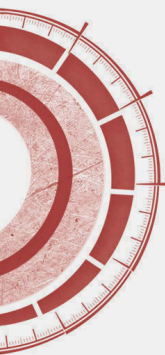
Options granted in the second exercise period for the initial grant of the Second Share Option Incentive Scheme were cancelled according to the rules due to failure to satisfy the performance conditions.

The first exercise period for the reserved share options of the Second Share Option Incentive Scheme commenced on 17 December 2020 and will end on 16 December 2021, and options in respect of an aggregate of 9,665,087 shares were exercised during the reporting period.

2020 A SHARE OPTION AND RESTRICTED SHARE INCENTIVE SCHEME

In order to further establish and improve the long-term incentive mechanism of the Company, attract and retain talented individuals, fully mobilise the enthusiasm of the directors, senior management, other management personnel who has a direct impact on the Company's operating performance and key core technical (business) personnel of the Company, and effectively bond the interests of the shareholders, the Company and individuals of core teams together, making all parties to attend to the long-term development of the Company, on the premise of fully protecting the interests of the shareholders and on the principle of income equivalent to contribution, the 2020 A share option and restricted share incentive scheme (the **"A Share Option and Restricted Share Incentive Scheme"**) was formulated and passed at the 2020 second extraordinary general meeting and the 2020 first class meetings for holders of A and H shares of the Company held on 13 November 2020. A total of 102,101,330 A share options and 102,101,330 restricted shares were granted to 2,872 participants on 4 December 2020 and the registration of the same was completed on 11 December 2020. The participants under the A Share Option and Restricted Share Incentive Scheme shall be the directors, senior management, other management personnel who has a direct impact on the Company's operating performance and key core technical (business) personnel of the Company.

On 4 December 2020, the exercise price of A share options was RMB9.98 per share, and the grant price of the restricted shares was RMB4.99 per share. The closing price of the Company's A shares on the day immediately preceding the grant period of the A Share Option and Restricted Share Incentive Scheme was RMB13.29 per share.



Significant Events

The arrangements of exercise period and each period of exercise time for the share options are as follows:

Exercise arrangement	Exercise time	Proportion of exercisable share options
First exercise period	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of the share options and ending on the last trading day of the 36-month period from the date of completion of registration of the share options	40%
Second exercise period	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of the share options and ending on the last trading day of the 48-month period from the date of completion of registration of the share options	30%
Third exercise period	Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of the share options and ending on the last trading day of the 60-month period from the date of completion of registration of the share options	30%

The A Share Option and Restricted Share Incentive Scheme shall be effective from the date on which the share options have been granted and registered, and end on the date on which all the share options granted to the participants have been exercised or cancelled, which shall not exceed 60 months. The vesting period shall be 24 months, 36 months, 48 months from the date on which the share options have been granted and registered. As at the end of the reporting period, the number of securities issuable under the A Share Option and Restricted Share Incentive Scheme was 102,101,330 shares, representing approximately 0.99% of total issued shares of the Company as at 31 December 2020.

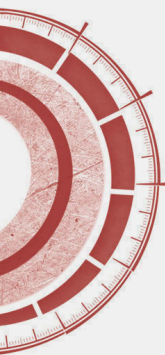
The remaining life of the A Share Option and Restricted Share Incentive Scheme is approximately 5 years. The participants shall complete the exercise of the share options within the validity period. If the exercise conditions are not satisfied, the share options for the corresponding period shall not be exercised. If the exercise conditions are satisfied but not all of the relevant share options for that period have been exercised, such portion of the share options shall lapse automatically and shall be cancelled by the Company.

The unlocking periods and unlocking schedule for the restricted shares are as follows:

Unlocking arrangement	Unlocking time	Unlocking proportion
First unlocking period	Commencing from the first trading day after expiry of the 24-month period from the date of completion of registration of the restricted shares and ending on the last trading day of the 36-month period from the date of completion of registration of the restricted shares	40%
Second unlocking period	Commencing from the first trading day after expiry of the 36-month period from the date of completion of registration of the restricted shares and ending on the last trading day of the 48-month period from the date of completion of registration of the restricted shares	30%
Third unlocking period	Commencing from the first trading day after expiry of the 48-month period from the date of completion of registration of the restricted shares and ending on the last trading day of the 60-month period from the date of completion of registration of the restricted shares	30%

For restricted shares that unlocking has not been applied for or unlocking cannot be applied for due to failure to meet the unlocking conditions during the abovementioned unlocking periods, the Company will repurchase and cancel such restricted shares in accordance with the principles of the incentive scheme.

The shares obtained by the participants by way of grant of the restricted shares arising from capitalisation issue, bonus issue and share subdivision shall be subject to locking in accordance with the incentive scheme, and shall not be sold in the secondary market or otherwise transferred. The unlocking periods of such shares are the same as that of the restricted shares. If the Company repurchases the restricted shares that are yet to unlock, such shares shall be repurchased altogether.



Significant Events

Relevant information regarding the abovementioned share option incentive schemes is set out in note 23 to the consolidated financial statements. The calculation of the value of A share option is based on various assumptions of the parameters used in note 23 to the consolidated financial statements and there are limitations in the models adopted. Therefore, the calculated value of A share option may be subjective and subject to uncertainties.

For details of A share options granted to directors and senior management, please refer to the paragraph titled “Share options granted to directors and senior management during the reporting period” under Chapter 6 – “Profiles of Directors, Supervisors, Senior Management and Employees” of this report. Details of A share options granted to other participants are set out in the following table:

Currency: RMB

Name	Position	Number of A share options held at the beginning of the reporting period	Number of new A share options granted during the reporting period	A share options exercisable during the reporting period	Shares issued upon exercise of A share options during the reporting period	Number of A share options cancelled during the reporting period	Exercise price of A share options (Yuan)	Number of A share options held at the end of the reporting period
The Second Share Option Incentive Scheme								
/	Middle level and other core businesses, technical and management key personnel (2,130 people in total)	503,456,910	0	334,506,066	0	334,506,066	19.37	168,950,844
The Second Share Option Incentive Scheme reserved for grant								
/	Middle level and other core businesses, technical and management key personnel (391 people in total)	62,336,900	0	20,778,813	9,665,087	8,653,640	10.10	44,018,173
A Share Option and Restricted Share Incentive Scheme								
/	Middle level and other core businesses, technical and management key personnel (2,863 people in total)	0	99,861,330	0	0	0	9.98	99,861,330

Notes:

1. All participants must be employed by the Company pursuant to employment contracts during the appraisal period of the Second Share Option Incentive Scheme or the A Share Option and Restricted Share Incentive Scheme (as the case may be) and no participants are retired staff re-employed by the Company. The above participants do not include substantial shareholders or controllers of the Company who individually or jointly hold 5% or more of the shares, or their spouse, parents or children.
2. The aggregate number of share options to be granted to any of the above participants under all effective share option incentive schemes of the Company and held throughout the validity period does not exceed 1% of the total A share capital of the Company.
3. During the reporting period, corresponding adjustments were made to the exercise price of the initial grant and reserved share option of the Second Share Option Incentive Scheme in accordance with the Company's profit distribution plan; as well as due to resignation, retirement, appraisal and unsatisfied performance of participants, a total of 350,551,698 options were cancelled (including partial cancellations). In addition, options in respect of an aggregate of 9,665,087 shares were exercised during the reporting period, and the number of options under the Second Share Option Incentive Scheme and the reserved options which were exercisable as at the end of the reporting period was 216,665,025.

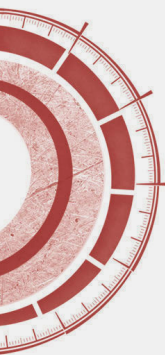
XI. MATERIAL CONNECTED TRANSACTIONS

1. Certain categories of related party transactions as disclosed in note 41 to the consolidated financial statements, including (i) sales of goods (sales of automotive parts and steels, sales of passenger vehicles and sales of production facility), (ii) rendering of labour and insurance services, (iii) purchases of goods (purchases of automotive parts and materials and purchases of passenger vehicles), (iv) rental received from related parties and (v) rental paid to related parties, include transactions which also constituted connected transactions under the Listing Rules. The Company confirms that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

2. TRANSACTIONS UNDER THE LISTING RULES

(A) Transactions in relation to principal joint ventures

At the time of listing of the Company, the Stock Exchange granted a conditional waiver from strict compliance with the requirements of Chapters 14 and 14A of the Listing Rules in respect of immaterial joint ventures. The Company is required to review whether the immaterial joint ventures met the conditions in the waiver on a yearly basis. For the 2020 financial year, the principal joint ventures of the Company were GAC Toyota, GAC Honda, GAC-SOFINCO, GAC FCA and GAC Mitsubishi.



Significant Events

(B) Continuing connected transactions

For the year ended 31 December 2020, GAC Group and its associates (as defined in the Listing Rules) had entered into the following continuing connected transactions:

1. *Provision of transport and logistics services in respect of vehicle products and vehicle parts and components*

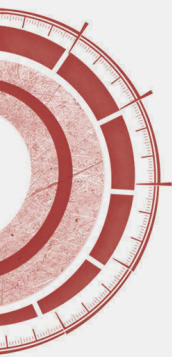
For the year ended 31 December 2020, each of the JV Partner Group provided transport and logistics services (the “JV Partner Logistics Services”) in respect of vehicle products and vehicle parts and components to the Company, its subsidiaries and the principal joint ventures (including GAC Toyota and GAC Honda) according to the following pricing terms on a regular basis. The Company’s principal joint ventures purchase raw materials and components from the relevant joint venture partners, as well as selling some products to the relevant joint venture partners. The relevant joint venture partners will provide transportation and logistics services to complete the entire process. Such service will continue during the term of the joint ventures.

On 26 April 2019:

- (i) GAC Toyota Logistics Co., Ltd. (廣汽豐田物流有限公司) (“GAC Toyota Logistics”) (as the service provider) of the JV Partner Group entered into an agreement in writing (the “Framework Agreement of JV Partner”) with Guangzhou Guanqi Commercial Logistics Co., Ltd. (廣州廣汽商貿物流有限公司) and Hunan Shun Jie Logistics Co., Ltd. (湖南順捷物流有限公司) of the Group, so as to continue with the JV Partner Logistics Services, with validity period from 1 January 2019 to 31 December 2021. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.
- (ii) GAC Toyota Logistics (as the service provider) of the JV Partner Group entered into an agreement in writing (the “New Agreement of JV Partner”) with Guangzhou Automobile Hunan NYK Logistics Co., Ltd. (湖南廣汽商貿日郵物流有限公司), so as to proceed with the JV Partner Logistics Services, with validity period from 1 January 2019 to 31 December 2021. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.

- (iii) Tong Fang Logistics (as the service provider) of the JV Partner Group entered into the Framework Agreement of JV Partner with GAC Toyota and GAC Toyota Automobile Sales Co., Ltd. (廣汽豐田汽車銷售有限公司) of the Group, so as to continue with the JV Partner Logistics Services, with validity period from 1 January 2019 to 31 December 2021. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.
- (iv) GAC Honda Logistics Co., Ltd. (廣汽本田物流有限公司) (as the service provider) of the JV Partner Group entered into the Framework Agreement of JV Partner with Guangzhou GAC Business Renewable Resources Co., Ltd. (廣州廣汽商貿再生資源有限公司) and GAC Honda of the Group, so as to proceed with the JV Partner Logistics Services, with validity period from 1 January 2019 to 31 December 2021. Upon the expiration of the validity period, renewal is subject to the mutual agreement of the parties of the agreement.

Pursuant to the Framework Agreement of JV Partner and the New Agreement of JV Partner, all service providers and all service recipients have agreed that, they shall enter into individual agreement(s) in relation to the provision of the JV Partner Logistics Services within the validity period of the Framework Agreement of JV Partner and the New Agreement of JV Partner based on the terms, conditions and principles of the Framework Agreement of JV Partner and the New Agreement of JV Partner.



Significant Events

The remunerations or service fees charged by all service providers to all service recipients for the JV Partner Logistics Services are determined according to the prices in the contract determined with reference to (i) the prevailing prices of the same or same type of services in the market provided by independent third parties; and (ii) the volume of the logistics services provided to all service recipients. The parties shall compare the prices for the provision of the same or same type of services by independent third parties in respect of the logistics services from time to time to ensure that the payment received by all service providers for the logistics services shall be the prevailing market price for the logistics services. To ensure that products or services are obtained at the most favorable price, the Group will consider the market price for at least two equivalent services to ensure that the price will remain a reasonable and competitive one prior to selecting the service providers for the logistics services, and to ensure that the amount of payment by the Group to the JV Partner Group will not exceed the amount paid to independent third parties. In addition, the Group will determine the relevant price by taking into account the profit margin that can be achieved by the Group to ensure that the price will be set at a level that the Group will be able to generate a profit margin that is within the industry standard or even better.

In view of the above, the Framework Agreement of JV Partner and the New Agreement of JV Partner between the Group and joint venture partners were entered into on normal commercial terms that are fair and reasonable and are no less favourable to the Group than those provided by independent third parties to the Group in respect of the logistics services.

For the year ended 31 December 2020, the total amount of the consideration paid by the Group for the JV Partner Logistics Services was RMB2,335,607,155.

In relation to the transactions, the directors consider that the annual transaction amount of each transaction under the JV Partner Logistics Services should not be disclosed. The provision of transportation and logistics services is an important part of entering into cooperation arrangements with joint venture parties and their associates. They are a key part of the supply chain management and sales business of automobile production. Disclosing the annual transaction amount for each transaction under the JV Partner Logistics Services will disclose commercially sensitive information relating to the operation of the relevant joint ventures, which is not in the interest of the Group or the related joint ventures.

The Company has applied to the Stock Exchange for and was granted a waiver from compliance with the annual cap requirement relating to the above transactions for the duration of the terms of the respective transactions. The Company has also reached an agreement with the Stock Exchange that only disclosure of the annual aggregate dollar value of the transactions made each year would be made. However, the exemption expired before the Framework Agreement of JV Partner and the New Agreement of JV Partner were entered into.

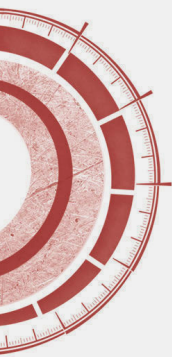
During the reporting period, the Company has applied for, and was granted by the Stock Exchange a revised waiver from strict compliance with the annual reporting and annual caps requirements under the Listing Rules in respect of such transactions to the extent that the Company is still required to set aggregate caps for the Framework Agreement of JV Partner and the New Agreement of JV Partner and disclose the total annual consideration of such transactions in the annual report.

For details, the annual cap and the basis for determination of the Framework Agreement of JV Partner and the New Agreement of JV Partner, please refer to the Company's announcement dated 26 April 2019.

2. *Sale of vehicle products, parts and components, production equipment and vehicles related products (including its after-sales services)*
 - (a) For the year ended 31 December 2020, members of the Group sold raw materials, parts and components and vehicles to the JV Partner Group according to the following pricing terms on a regular basis. Such service will continue during the term of the joint ventures.

The Group will take into account market prices of the relevant products and services offered by independent third parties in determining the price of the services to make sure that the price offered to the JV Partner Group are fair and reasonable and on normal commercial terms.

The Company has reached an agreement with the Stock Exchange that the transactions above are exempted from written agreement and annual cap requirements as set out in the Listing Rules, and are only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transactions between the contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant joint ventures and would not be in the interest of the Company or the relevant joint ventures.



Significant Events

- (b) For the year ended 31 December 2020, members of the JV Partner Group provided the sale of raw materials, parts and components and production equipment to the principal joint ventures according to the following pricing terms on a regular basis. Such service will continue during the term of the joint ventures.

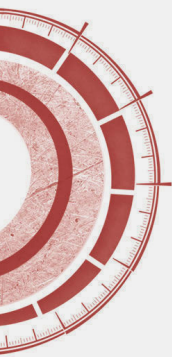
In relation to this type of transactions, where there are other local suppliers, members of the Group will obtain quotes for equivalent products or services that may be available from other local PRC suppliers in order to determine whether viable alternatives of comparable quality can be obtained in a timely manner and at the most competitive price. If alternatives are available, the Group would go through a tender process before selecting the supplier for such alternatives. In such a tender process, JV Partner Group is treated no differently from any other third-party supplier. Consequently, the purchase of auto parts by Group from the JV Partner Group would not be made if the Group could obtain better terms from any other suppliers. Over time, fewer vehicle products, parts and components will be sourced from the JV Partner Group as cheaper viable alternatives are found in the PRC. Such process of “localisation” is widely regarded as key means of cost reduction in the PRC automotive industry and is also the priority of the principal joint ventures.

As a business reality, given the additional transportation and tax costs of purchasing vehicle products, parts and components and production equipment from a foreign supplier, it is neither in the Company’s nor the joint venture partners’ interest to purchase the vehicle products, parts and components and production equipment from the foreign joint venture partners if viable alternatives are available from local suppliers on more favourable terms.

In determining the price for the products and/or service, the Company will also consider the market price for equivalent products or services in order to make sure that the price will remain a reasonable and competitive one. However, unlike normal consumer products, some of the vehicle products, parts and components provided by the JV Partner Group are specific to the car models produced by the principal joint ventures and there is no alternative but to source the vehicle products, parts and components from the JV Partner Group for the duration of the relevant principal joint ventures and market prices for these vehicle parts are not readily available. The Company's representatives will rely heavily on their knowledge of the industry standards and their prior experience gained from similar negotiations in determining the price. In order to ensure that the price is fair and reasonable, the Group will also obtain quotes for similar products or services, though not specific to the car models produced by the principal joint ventures, as reference.

The Group will also determine the price by taking into account the profit margin that could be achieved by the Group to ensure that the price will be set at a level that the Group will still be able to generate a profit margin that is within the industry standard or even better taking into account the international and PRC benchmark raw materials costs.

The Company has reached an agreement with the Stock Exchange that the transactions above are exempt from written agreement and annual cap requirements as set out in the Listing Rules, and is only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transactions between contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant joint ventures and would not be in the interest of the Company or the relevant joint ventures.



Significant Events

3. *Provision of technical support, research and development support and information enquiry (including production preparation support, local support, advisory services, and provisions of software)*

For the year ended 31 December 2020, the JV Partner Group provided technical support, research and development support and information enquiry (including production preparation support, local support, advisory services, and provisions of software) to the Group according to the following pricing terms on a regular basis. The Company's joint venture partners are the proprietors of the technology involved in the production of vehicle models manufactured by the principal joint ventures and they are primarily responsible for the research and development of all new models. The provision of technical support by the joint venture partners is to ensure that the latest technology is applied in the manufacturing process of the principal joint ventures and to ensure that the products remain competitive in the market. Such service will continue during the term of the joint ventures.

Generally, the pricing for technology license and technical assistance between the principal joint ventures and the joint venture partners and their associates is that the party providing the technology should be fairly reimbursed for its research and development costs incurred in respect of a particular vehicle model and such research and development costs should be spread evenly over the entire operations of the party providing the technology and the PRC automotive joint venture should only bear its fair share of such costs.

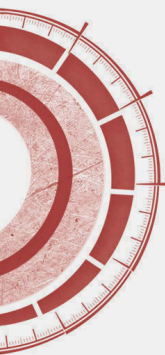
In accordance with normal industry practice, the terms (including the price) of the technology licenses and transactions relating to technical support are fixed with reference to the expected life cycle of vehicle models, which are generally between 5 and 10 years, and also with reference to the industry benchmark for similar technological assistance. The Company's representatives will also rely heavily on their knowledge of the industry standards and their prior experience gained from similar negotiations in order to determine the price and to make sure that the price remains a reasonable and competitive one. Also the Group (including the principal joint ventures) will also determine the price by taking into account the profit margin that could be achieved by the Group and to ensure that the price will be set at a level that the Group will still be able to generate a profit margin that is within the industry standard or even better.

The Company has reached an agreement with the Stock Exchange that the transactions above are exempt from written agreement and annual cap requirements as set out in the Listing Rules, and are only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transaction value between contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant joint ventures and would not be in the interest of the Company or the relevant joint ventures.

4. *Provision of the right to use intellectual property (in relation to production and sales of vehicles)*

For the year ended 31 December 2020, the joint venture partners of the principal joint ventures provided the use of intellectual property rights (in relation to production and sales of vehicles) to the principal joint ventures according to the following pricing terms on a regular basis. The right to use intellectual property is key to the long-term profitability and competitiveness of the principal joint ventures and their products. The Group entered into several technology license agreements and trademark license agreements with the Company's joint venture partners during the track record period in the past. Such agreements will continue during the term of the joint ventures.

The joint venture partners and its associates are primarily responsible for the research and development of the new vehicle models and it is therefore essential for the principal joint ventures to enter into technology license with its joint venture partners. The relevant intellectual property rights that are specific to the car models produced by the relevant principal joint ventures and are thus fundamental to the production of the Group. Without them, the businesses of the principal joint ventures could not have been established and cannot operate. The Group therefore has no alternative but to source the intellectual property rights from the joint venture partners for the duration of the principal joint ventures. It is therefore standard practice in the PRC automotive industry for Sino-foreign automotive manufacturing joint ventures to provide royalties to the proprietor of the relevant technology licence, technological know-how or intellectual property right, which is very often, the joint venture partners.



Significant Events

The purpose of sino-foreign automotive manufacturing joint ventures is that the PRC manufacturer will be able to benefit from the technological expertise and product portfolio of its foreign joint venture partner, whilst the foreign partner is able to participate in the domestic PRC market. The joint venture relationship is therefore founded on the foreign joint venture partner contributing its technological expertise to the joint ventures and the PRC partner contributing its manufacturing capabilities and facilities, labour and local market and regulatory knowledge.

A key reason for the PRC Government's encouragement of sino-foreign automotive manufacturing joint ventures is to rapidly enhance technological and product standards in the PRC automotive industry.

Generally, the pricing principle for technology license and technical assistance between the principal joint ventures and the joint venture partners and their associates is that the party providing the technology should be fairly reimbursed for its research and development costs incurred in respect of a particular vehicle model and such research and development costs should be spread evenly over the entire operations of the party providing the technology and the PRC automotive joint venture should only bear its fair share of such costs.

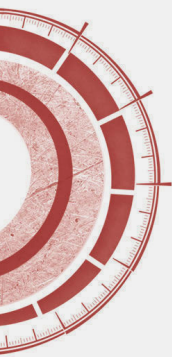
In accordance with normal industry practice, the terms (including the price) of the technology licences and transactions relating to technical support are fixed with reference to the expected life cycle of vehicle models, which are generally between 5 and 10 years, and also with reference to the industry benchmark for similar technological assistance. The Company's representatives will also rely heavily on their knowledge of the industry standards and their prior experience gained from similar negotiations in order to determine the price and to make sure that the price remains a reasonable and competitive one. Also the Group (including the principal joint ventures) will also determine the price taking into account of the profit margin that could be achieved by the Group and to ensure that the price will be set at a level that the Group will still be able to generate a profit margin that is within the industry standard or even better.

The Company also believes that the primary purpose of international automotive manufacturers in establishing joint ventures with the Company is the establishment of a strong presence in the PRC automotive industry, the gaining of market share for their brand of vehicles and long term investment returns from the principal joint ventures, rather than any short term gains from intellectual property rights on terms which may be prejudicial to the principal joint ventures' long term profitability and competitiveness. Such short-term gains would be eclipsed by the potential losses to the joint venture partners if the principal joint ventures were to prove unsuccessful.

The Company has reached an agreement with the Stock Exchange that the transactions above are exempt from written agreement and annual cap requirements set out in the Listing Rules, and are only required to disclose the nature of relevant transactions made each year. This is because the disclosure of separate transactions between contracting parties would constitute disclosure of commercially sensitive information relating to the operations of the relevant joint ventures and would not be in the interest of the Company or the relevant joint ventures.

(C) Control Mechanism

In relation to the connected transactions between the Company and its subsidiaries on one hand and the joint venture partners and their associates on the other hand as described above, negotiations will be conducted by the Company and/or the relevant subsidiary directly on an arm's length basis and the Company is able to control the negotiations between the subsidiaries and the joint venture partners and/or their associates. The joint venture partners and/or their associates will not be in a position to influence the Company and/or its subsidiaries to agree to terms which may not be in its and the Company's interest.



Significant Events

In relation to the connected transactions between the principal joint ventures on the one hand and the joint venture partners and their associates on the other hand as described in paragraphs 2 to 4 above, it is provided under the respective joint venture agreements, articles of association and memoranda of the principal joint ventures that negotiations between the principal joint ventures and the joint venture partner and its associates should always be conducted directly by the relevant principal joint ventures' senior management nominated by the Company on behalf of the Company or by representative of the Company as a joint venture partner and will thus be conducted on an arm's length basis. No joint venture partners or their associates is in a position to influence the principal joint ventures to agree to terms which may not be in the principal joint ventures' and therefore the Company's interest. The Company also confirms that negotiations of transactions between the principal joint ventures and the relevant joint venture partners were all conducted by the relevant principal joint ventures' senior management nominated by the Company.

Also, the principal joint ventures have implemented internal control and reporting mechanisms which enable business developments and transactions that may be subject to applicable continuing obligations under Chapter 14A of the Listing Rules to be reported to their respective boards and/or designated persons enabling both the Company and its relevant joint venture partners, through representatives on the board of the relevant principal joint ventures and/or designated persons to decide whether to consent to and approve the relevant transactions.

Further, there are also established procedures under the respective joint venture agreements, articles of association and memorandum of the principal joint ventures that the entering into of any contract of material importance/material transaction with a joint venture partner and its associates shall either be approved by a majority of the directors present at the board meeting or be mutually agreed/signed off by the general manager and the deputy general manager of the relevant principal joint ventures (as the case may be). It is provided under the respective joint venture agreements, articles of association and memoranda of the principal joint ventures that the Group and the joint venture partner will be entitled to nominate the general manager and deputy general manager respectively in turn and when the general manager is nominated by the Group, the deputy general manager will be nominated by the joint venture partner and vice versa.

(D) Confirmation by the Independent Non-executive Directors

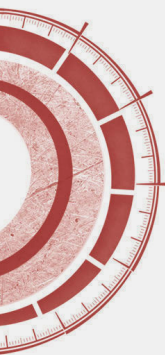
The independent non-executive directors of the Company confirm that for the year ended 31 December 2020, the above continuing connected transactions entered into by the Company as one of the parties are:

- (1) in the ordinary and usual course of business of the Company;
- (2) on normal commercial terms or, if there are not sufficient comparable transactions to judge whether they are on normal commercial terms, or on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and
- (3) in accordance with the relevant agreement governing them on terms that are fair and reasonable and in the interests of the shareholders as a whole.

(E) Auditor's Letter

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with Rule 14A.56 of the Listing Rules. Auditor of the Company confirmed in such letter that for the year ended 31 December 2020, in respect of the above continuing connected transaction to which the Company is one of the parties:

- (1) nothing has come to their attention that those transactions have not been approved by the Board;
- (2) nothing has come to their attention that those transactions did not follow the pricing policy of the Company in all material respects if the transactions involved provision of goods or services by the Company;



Significant Events

- (3) nothing has come to their attention that those transactions were not carried out in accordance with the agreements of such transactions in all material aspects; and
- (4) the annual caps (in respect of the Framework Agreement of JV Partner and the New Agreement of JV Partner) have not been exceeded.

A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

XII. MATERIAL CONTRACTS AND THEIR PERFORMANCE

(I) TRUSTS, CONTRACTS AND LEASE ARRANGEMENTS

1. Trusts

Applicable ✓ N/A

2. Contracts

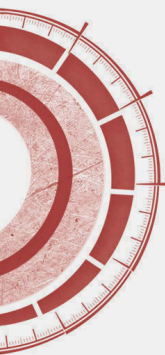
Applicable ✓ N/A

3. Lease arrangements

Applicable ✓ N/A

(II) GUARANTEE*Unit: Yuan Currency: RMB*

External Guarantee of the Company (excluding those provided to subsidiaries)	
Total guarantee incurred during the reporting period (excluding those provided to subsidiaries)	0
Total balance of guarantee as at the end of the reporting period (A) (excluding those provided to subsidiaries)	0
Guarantee provided to subsidiaries by the Company and its subsidiaries	
Total guarantee provided to subsidiaries of the Company during the reporting period	691,000,000
Total balance of guarantee provided to subsidiaries of the Company as at the end of the reporting period (B)	240,000,000
Total guarantee of the Company (including those provided to subsidiaries)	
Total guarantee (A+B)	240,000,000
Proportion of total guarantee in the net assets of the Company (%)	0.28
Description on unexpired guarantees that may be subject to joint liability	N/A
Description of guarantee	Guarantee provided to subsidiaries during the reporting period mainly represented the guarantee for customs duty issued by GAC Finance to GAMC



Significant Events

(III) ENTRUSTED CASH ASSETS MANAGEMENT

1. Entrusted wealth management

Applicable N/A

2. Entrusted loans

As at 31 December 2020, the undue entrusted loans amounted to RMB840.54 million, details of which are shown in the table below.

Unit: 0'000 Yuan Currency: RMB

Name of the borrower	Amount of entrusted loan	Commencement date of entrusted loans	Termination date of entrusted loans	Annualised rate of return	Actual recovery	Amount of provision for impairment (if any)
GAC Toyota Logistics Co., Ltd. (廣汽豐田物流有限公司)	7,000	2019-04-10	2020-04-10	2.25%	Repaid	
GAC Toyota Logistics Co., Ltd. (廣汽豐田物流有限公司)	7,000	2020-04-23	2021-04-23	2.25%	Undue	
GAC FCA	25,000	2020-03-27	2020-12-23	3.85%	Repaid	
GAC FCA	25,000	2020-06-19	2020-12-23	3.85%	Repaid	
GAC FCA	50,000	2020-12-24	2021-12-24	3.85%	Undue	
GAC Nio	246.12	2020-12-24	2021-12-23	3.85%	Undue	
GAC Nio	583.27	2020-12-29	2021-12-23	3.85%	Undue	
Hangzhou HAVECO Automobile Transmission Technology Co., Ltd. (杭州依維柯汽車傳動技術有限公司)	8,500	2019-04-12	2021-04-09	4.35%	Undue	
Hangzhou HAVECO Automobile Transmission Technology Co., Ltd. (杭州依維柯汽車傳動技術有限公司)	7,500	2019-10-25	2021-04-09	4.35%	Undue	
Hangzhou HAVECO Automobile Transmission Technology Co., Ltd. (杭州依維柯汽車傳動技術有限公司)	8,000	2019-11-15	2021-11-14	4.35%	Undue	
Harbin Boshi Xinda Automobile Sales Service Co., Ltd. (哈爾濱博實信達汽車銷售服務有限公司)	2,225	2016-10-20	2021-3-15	6.18%	Undue	11

As at the end of the reporting period, the entrusted loans provided to the associates and joint ventures by the Company amounted to approximately RMB818 million, mainly for providing liquidity to the invested entities on the basis of shareholding percentage.

(IV) OTHER MATERIAL CONTRACTS

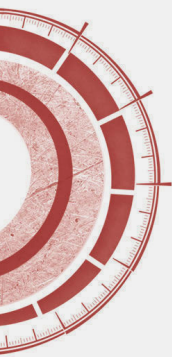
Applicable N/A

XIII. FULFILLMENT OF SOCIAL RESPONSIBILITY**(I) POVERTY ALLEVIATION OF THE COMPANY****1. Planning on targeted poverty alleviation**

According to the unified arrangement, during 2016 to 2020, the Group conducted targeted poverty alleviation in Lianyi Village, Baishi Village and Silian Village in Jiubei Town, Lianzhou City, Qingyuan. Adhered to the alleviation concept of “Genuine Poverty Alleviation, Alleviation of Genuine Poverty and Satisfying the Public” and strove to conduct elimination with specific plans on households and responsible persons, increase the income of poverty-stricken people and changes to the adverse conditions of poverty-stricken areas were focused so as to ensure that the said villages would achieve the target of “two no worries, three guarantees and one equivalent” by the end of 2020, continuously strengthen the endogenous impetus for poverty alleviation and prosperity and complete the task of poverty alleviation of high quality.

2. Summary of targeted poverty alleviation during the year

The Group conducted targeted poverty alleviation in poverty-stricken villages for 229 poverty-stricken households with a total of 581 poverty-stricken people. After nearly five years of alleviation, the income of poverty-stricken households at the said villages increased steadily, rural livelihood was significantly improved, and a completely new village outlook was acquired. As at the end of the reporting period, the Group invested more than RMB60 million in total in those poverty-stricken villages and 229 poverty-stricken households have overcome poverty with disposable income per capita of over RMB20,000. The village collective income reached RMB300,000.

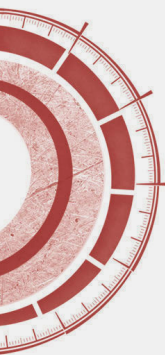


Significant Events

Firstly, adhered to the direction by Party building. The Group attached great importance to the work related to poverty alleviation and established a leading group for poverty alleviation. The major leaders of the Group had led teams for 27 times successively to carry out investigation and survey in those poverty-stricken villages, and convened 24 special meetings to research and analyse risk points and to deploy and promote poverty alleviation work. The grass-roots Party organisations of various investment enterprises arranged their Party members to carry out targeted poverty alleviation and assistance work in Lianzhou for 101 times during the new period., and nearly 1,712 Party members participated in the work.

Secondly, upheld accountability. The Group implemented the “1+1+1+2” model in poverty alleviation, that is to designate one responsible leader for the village, one responsible department at the headquarters, one responsible enterprise and two supporting enterprises for each poverty-stricken villages, and to guarantee that funds of no less than RMB3.5 million would be invested in each village every year, so as to consolidate the foundation for poverty alleviation and elimination. The responsible enterprises set up specialised working group to investigate, establish archives and filings for each household to achieve targeted poverty alleviation.

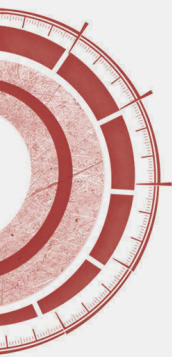
Thirdly, adhered to the implementation of targeted policies. Fundamentally eliminated poverty through industrial development. The Group invested RMB520,000 to build a smart agricultural base in Lianyi Village which achieved integrated water and fertilizer automatic irrigation and remote monitoring, increased the land lease income of local villagers by RMB95,000, increased labour income by RMB425,000 for villagers and poverty-stricken households, increased investment income by RMB192,000 for 187 poverty-stricken households, and increased village collective income by RMB450,000. Poverty alleviation through consumption resulted in steadily increased income. According to the local conditions of Lianzhou City to which pairing assistance was provided, the Group established Qilian Agricultural Products Co., Ltd. (祺連農產品有限公司) to create a poverty alleviation industrial chain of “company + base + rural households”, by which the company introduced poverty alleviation funds of a total of RMB6 million, and realised sales income of RMB19.61 million and profits before tax of RMB2.77 million in 2020. Profits of RMB1.4 million were distributed to poverty-stricken villages cumulatively. Increased labour income of poverty-stricken households by RMB900,000, and profits of RMB495,000 were distributed to poverty-stricken households. Poverty alleviation through education prevented the intergenerational transmission of poverty. Vigorously developed rural education, created balanced educational conditions, and built a one-line caring system of kindergartens – primary and secondary schools – universities, so that students in poverty could receive education and afford the costs at all stages of education.



Significant Events

Indicator	Amount and implementation
2. Poverty alleviation through transferring employment	
Among which, 2.1 Amount of input in trainings on vocational skills	0
2.2 Number of people who attended trainings on vocational skills (person/time)	185
2.3 Number of poverty-stricken people with archives established who achieved employment (person)	19
3. Poverty alleviation through relocation	
Among which, 3.1 Number of people who achieved employment after relocation (person)	0
4. Poverty alleviation through education	
Among which, 4.1 Amount of input in subsidising poverty-stricken students	6.19
4.2 Number of poverty-stricken students subsidised (person)	25
4.3 Amount of input made in improving education resources in poverty-stricken regions	10
5. Poverty alleviation through better health	
Among which, 5.1 Amount of input made in medical and hygiene resources in poverty-stricken regions	22.85
6. Poverty alleviation through ecological protection	

Indicator			Amount and implementation
7. Guaranteed basic living standard for people unable to work			
Among which,	7.1	Input in assisting left-behind children, women and senior people	6.7
	7.2	Number of left-behind children, women and senior people assisted (person)	74
	7.3	Input in assisting poor people with physical disabilities	11.5
	7.4	Number of poor people with disabilities assisted (person)	135
8. Social poverty alleviation			
Among which,	8.1	Input in poverty alleviation programs cooperation of the East and West	645
	8.2	Input in targeted poverty alleviation programs	0
	8.3	Charity funds for poverty alleviation	0
9. Other projects			
Among which,	9.1	Number of projects (project)	34
	9.2	Amount of input	311.4
	9.3	Number of people under assistance with archives established who overcame poverty (person)	574
	9.4	Explanation for other projects	Assist villages in construction of village road, flood drainage channel, culture room, safety education base, culture stage, etc.
III. Awards received (content and level)			
2020 Enterprise with Special Contribution to a Comprehensively and Moderately Prosperous China Award			



Significant Events

4. Subsequent targeted poverty alleviation plans

Facing 2021, the Group will resolutely sustain the achievements of poverty alleviation, and consolidate and extend the achievements of poverty alleviation to effectively connect with rural revitalisation. Strictly implement the requirements of “shaking off no responsibilities, policies, assistance and regulations” even when poverty has been shaken off, to maintain the overall stability of the existing assistance policies, financial support and assistance forces; improve the monitoring and assistance mechanism for preventing return to poverty, continue to monitor the villages and people that had shaken off poverty, and continuously trace the changes in income and the consolidation of “two no worries, three guarantees”, regularly check, discover in time, and provide timely assistance, to achieve dynamic clearing; continue to promote poverty alleviation through industrial development to make up for shortcomings in technology, facilities, marketing, etc. and promote industrial upgrading; carefully organise files for poverty alleviation in accordance with the requirements of relevant documents to ensure that the files are complete and no work is left undone.

(II) FULFILLMENT OF SOCIAL RESPONSIBILITY

For details about the fulfillment of social responsibilities by the Group, please refer to the full text of the “2020 Social Responsibilities Report” disclosed on the websites of the Stock Exchange (in form of overseas regulatory announcement) and SSE on 25 March 2021.

(III) ENVIRONMENTAL INFORMATION

Every enterprise within the Group strictly abided by environmental protection laws and regulations and strictly implemented every environmental emission standard in their daily operations and project construction. The Group continuously deepened energy conservation and environmental protection management, continuously implemented various energy conservation and environmental protection measures in various fields such as green factories, green procurement, green sales, and green products, and made full use of the longer-term foundation of the automobile industry chain to work with suppliers to actively implement energy conservation and emission reduction together with the concept of environmental protection and build a green, low-carbon and environmentally-friendly environment.

For details about the policies and measures on the environmental protection of the Group, please refer to the full text of the “2020 Social Responsibilities Report” disclosed on the websites of the Stock Exchange (in form of overseas regulatory announcement) and SSE on 25 March 2021.

XIV. INFORMATION ON CONVERTIBLE CORPORATE BONDS

(I) ISSUANCE OF CONVERTIBLE BONDS

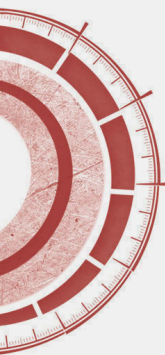
On 22 January 2016, the Company completed the issue of A share convertible bonds amounting to RMB4,105.58 million. The conversion period started on 22 July 2016.

(II) HOLDERS AND GUARANTORS OF CONVERTIBLE BONDS DURING THE REPORTING PERIOD

Number of convertible bonds holders at the end of the period	2,779
Guarantors of convertible bonds of the Company	Nil

Conditions of top ten convertible bonds holders are as follows:

Name of convertible bonds holders	Amount of bonds held at the end of the period (RMB)	Holding proportion (%)
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Industrial and Commercial Bank of China)	217,371,000	8.53
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Bank of China)	164,743,000	6.46
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (China Merchants Bank Co., Ltd.)	118,971,000	4.67
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (China Construction Bank)	109,101,000	4.28
Qilu Assets Management – ICBC – China Capital Management Co., Ltd.	81,606,000	3.20
China Merchants Bank Co., Ltd. – Hongde Zhiyuan Mixed Bond Securities Investment Fund	75,803,000	2.97
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Agricultural Bank of China)	70,187,000	2.75
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (Shanghai Pudong Development Bank)	60,532,000	2.37
Huaxia Life Insurance Co., Ltd. – Self-owned Fund	51,185,000	2.01
Specific accounts for bonds repurchase and pledge under the Registration and Settlement System (China Minsheng Banking Corp., Ltd.)	45,507,000	1.79



Significant Events

(III) CONVERSION OF CONVERTIBLE BONDS DURING THE REPORTING PERIOD

Unit: Yuan Currency: RMB

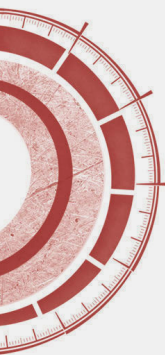
Name of convertible corporate bonds	Before the change	Increase and decrease in the change			After the change
		Conversion	Redemption	Repurchase	
2016 convertible corporate bonds of Guangzhou Automobile Group Co., Ltd.	2,552,276,000	3,178,000	-	3,000	2,549,095,000

(IV) AGGREGATED CONVERSION OF CONVERTIBLE BONDS DURING THE REPORTING PERIOD

Amount of shares converted during the reporting period (RMB)	3,178,000
Number of shares converted during the reporting period (A share)	222,859
Aggregated number of shares converted (A share)	72,076,682
Aggregated number of shares converted to the total number of issued shares of the Company before conversion (%)	1.12
Amount of unconverted bonds (RMB)	2,549,095,000
Number of unconverted bonds to the total number of convertible bonds issued (%)	62.09

(V) PREVIOUS ADJUSTMENTS TO CONVERSION PRICE

Date of adjustment of conversion price	Adjusted conversion price	Date of disclosure	Disclosure media	Information about adjustment to conversion price
14 September 2017	RMB21.43	6 September 2017	Websites of SSE and Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	Based on the profit distribution plan of RMB1 (tax inclusive) for every 10 shares for the interim period of 2017, the conversion price was adjusted from RMB21.53 per A share to RMB21.43 per A share accordingly.
21 November 2017	RMB21.27	20 November 2017	Websites of SSE and Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	Due to the non-public issue of 753,390,254 A shares, the conversion price was adjusted from RMB21.43 per A share to RMB21.27 per A share accordingly.
21 December 2017	RMB21.24	20 December 2017	Websites of SSE and Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	As the first exercise period of the first A share option incentive scheme of the Company began during the reporting period, the conversion price was adjusted accordingly based on the number of shares increased as a result of the exercise of share options.
12 June 2018	RMB14.86	5 June 2018	Websites of SSE and Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	Due to the profit distribution for the year of 2017, pursuant to which cash dividend of RMB4.3 per 10 shares (tax inclusive) was distributed and at the same time 4 shares were issued for every 10 shares to all shareholders by way of conversion of capital reserve, the conversion price was adjusted accordingly.



Significant Events

Date of adjustment of conversion price	Adjusted conversion price	Date of disclosure	Disclosure media	Information about adjustment to conversion price
17 September 2018	RMB14.76	6 September 2018	Websites of SSE and Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	Based on the profit distribution plan of RMB1 (tax inclusive) for every 10 shares for the interim period of 2018, the conversion price was adjusted from RMB14.86 per A share to RMB14.76 per A share accordingly.
7 November 2018	RMB14.74	5 November 2018	Websites of SSE and Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	Due to exercise of A share options under the share option incentive scheme of the Company during the reporting period, the conversion price was adjusted accordingly based on the number of shares increased as a result of the exercise of share options.
25 June 2019	RMB14.46	17 June 2019	Websites of SSE and Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	Due to the profit distribution for the year of 2018, pursuant to which cash dividend of RMB2.8 per 10 shares (tax inclusive) was distributed, the conversion price was adjusted accordingly.
24 September 2019	RMB14.41	17 September 2019	Websites of SSE and Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	Based on the profit distribution plan of RMB0.5 (tax inclusive) for every 10 shares for the interim period of 2019, the conversion price was adjusted from RMB14.46 per A share to RMB14.41 per A share accordingly.

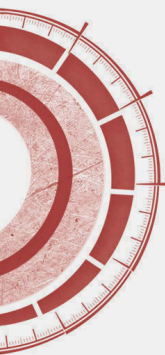
Date of adjustment of conversion price	Adjusted conversion price	Date of disclosure	Disclosure media	Information about adjustment to conversion price
22 June 2020	RMB14.26	15 June 2020	Websites of SSE and the Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	Based on the final profit distribution plan of 2019 of RMB1.5 (tax inclusive) for every 10 shares, the conversion price was adjusted from RMB14.41 per A share to RMB14.26 per A share accordingly.
22 September 2020	RMB14.23	11 September 2020	Websites of SSE and the Stock Exchange, China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily	Based on the profit distribution plan of RMB0.3 (tax inclusive) for every 10 shares for the interim period of 2020, the conversion price was adjusted from RMB14.26 per A share to RMB14.23 per A share accordingly.
Latest conversion price as at the end of the reporting period				RMB14.23

(VI) INFORMATION ON THE COMPANY'S LIABILITY AND CREDIT CHANGES AS WELL AS THE CASH ARRANGEMENT FOR THE FUTURE ANNUAL DEBT REPAYMENT

As at 31 December 2020, the total asset was RMB142,806,662,917 and the asset-liability ratio was 39.32%. During the reporting period, the credit rating of the Company was AAA without changes. The Company's main sources of cash for debt repayment in the future are operating cash flow and external investment income of the Company.

(VII) OTHER INFORMATION OF CONVERTIBLE BONDS

Applicable N/A



Significant Events

XV. UTILISATION OF PROCEEDS FROM NON-PUBLIC ISSUANCE OF A SHARES

Proceeds from non-public issuance of A shares will facilitate the comprehensive and sustainable development of the Company's business. The implementation of the investment projects using the proceeds from the non-public issuance will, on one hand, further strengthen the research and development capability of the Company's self-developed brands, promote the establishment of its range of self-developed brands and enrich the product mix under such brands, while on the other hand, enable the Company to keep abreast of future trend in new energy development of the vehicle industry, laying a solid foundation for the Company to seize a share in the new energy vehicle market. In addition, the proceeds from the non-public issuance will optimise the Company's capital structure and lower the gearing ratio, which will reduce the Company's financial risk and cost of debt financing.

The shares to be issued under the non-public issuance of A shares are RMB denominated ordinary shares (A shares) with a nominal value of RMB1.00 per share, which will be listed on the SSE. The number of shares issued was 753,390,254 shares with an issue price of RMB19.91/A share. The net price to the Company of each security was RMB19.80. The five target subscribers for the non-public issuance of A shares are Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd, Guangzhou State-owned Assets Development Holdings Co., Ltd., GFHAM Wealth Management Select No.3 Private Investment Fund, Guangzhou Light Industry and Trade Group Co., Ltd. and Suiyong Holdings Co., Ltd. The closing price of A shares under the non-public issuance of A shares on 17 October 2017, being the date on which the Company received the relevant approval from the CSRC, was RMB19.03.

The non-public issuance of A shares was completed in November 2017 (details of which are set out in the announcement of the Company dated 17 November 2017). The actual amount of gross proceeds raised was RMB14,999,999,957.14 and the actual amount of net proceeds raised, after deducting the issuance expenses of RMB83,050,000.00 was RMB14,916,949,957.14. Details of utilisation of the proceeds raised as at 31 December 2020 are set out below.

AS AT 31 DECEMBER 2020

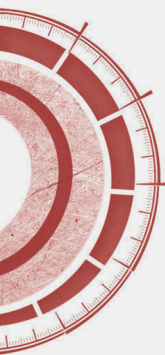
As at 31 December 2020, the amount of proceeds brought forward was RMB3,258,962,590.86 whereas the total cumulative amount of utilised proceeds was RMB1,192,051.99 (inclusive of issuance expenses). There was no inconsistency between the utilisation of the proceeds and the original intended use.

Details of utilisation of the proceeds raised are set out below:

Unit: 0'000 Currency: RMB

No.	Investment project	Total amount of investment commitment from the proceeds raised	Amount invested for this year	Cumulative amount invested	Estimated time of completion
1	New energy vehicles and R&D of prospective technology project <small>Note</small>	480,000.00	137,520.58	393,204.57	2021
2	GAEI phase 1 base construction project	60,000.00	11,054.63	31,999.28	2021
3	GAEI phase 2 base construction project	100,000.00	14,617.56	67,103.38	Completed
4	GAC proprietary brand project of Xinjiang	80,000.00	362.64	23,145.59	Completed
5	GAC improvement project of Hangzhou	220,000.00	0.00	152,350.38	Completed
6	GAC proprietary brands technological reformation project	250,000.00	17,919.14	220,600.57	Completed
7	GAC proprietary brands vehicle models projects	215,000.00	4,216.66	203,987.75	Completed
7.1	GAMC A16 project	20,000.00	206.86	18,780.34	Completed
7.2	GAMC A35 project	35,000.00	2,675.41	34,495.69	Completed
7.3	GAMC A5H project	30,000.00	0.00	30,547.98	Completed
7.4	GAMC A10 project	40,000.00	641.13	36,878.85	Completed
7.5	GAMC A30 project	15,000.00	0.00	15,000.00	Completed
7.6	GAMC A32 project	10,000.00	0.00	10,000.00	Completed
7.7	GAMC A06 project	35,000.00	372.40	35,140.89	Completed
7.8	GAMC A7M project	30,000.00	320.86	23,144.00	Completed
8	GAMC engine project	50,000.00	669.63	48,270.75	Completed
9	GAMC gearbox project	30,000.00	879.40	28,084.72	Completed
10	P6 gearbox development project	15,000.00	0.00	15,000.00	Completed
	Issuance expenses	–	0.00	8,305.00	–
	Total	1,500,000.00	187,240.24	1,192,051.99	

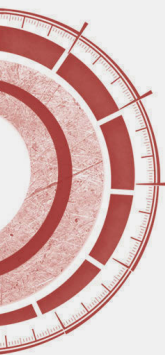
Note: New energy vehicles and R&D of prospective technology project contains certain sub-projects, for which the planned amount of proceeds to be invested are expected to be fully utilised by the end of 2021, and the subsequent construction of the unfinished projects will be financed with the Group's own funds.



Significant Events

The Group expects to continue to invest the unused proceeds raised from the Non-public Issuance in each of the above unfinished projects in accordance with the respective amount of investment commitment and expected time of completion, and in order taking into account the importance and urgency of each project.

For further information on the utilisation of proceeds raised from the Non-public Issuance, please refer to the “Specific Report on the Deposit of the Proceeds and the Utilisation of the Proceeds by Guangzhou Automobile Group Co., Ltd.” published by the Company on 25 March 2021 by way of overseas regulatory announcements.



Changes in Ordinary Shares and Information on Shareholders

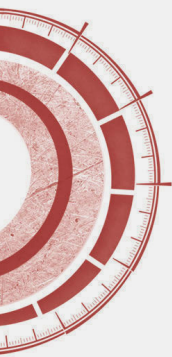
I. CHANGES IN ORDINARY SHARE CAPITAL

(I) STATEMENT OF CHANGES IN ORDINARY SHARES

1. Statement of changes in ordinary shares

Unit: share

	Before change		Increase/decrease in the change (+, -)				After change		
	Number	Percentage (%)	Issue of new shares	Bonus issue	Conversion from contributed capital surplus	Others	Subtotal	Number	Percentage (%)
I. Restricted Shares	1,054,746,356	10.30				-952,645,026	-952,645,026	102,101,330	0.99
1. State-owned Shares									
2. Shares held by state-owned legal person	1,054,746,356	10.30				-1,054,746,356	-1,054,746,356	0	
3. Shares held by other domestic entities						102,101,330	102,101,330	102,101,330	
Including: Shares held by domestic non-state-owned legal persons									
Shares held by domestic natural persons						102,101,330	102,101,330	102,101,330	
4. Shares held by foreign entities									
Including: Shares held by overseas legal persons									
Shares held by overseas natural persons									
II. Non-restricted tradable shares	9,182,961,185	89.70				1,064,634,302	1,064,634,302	10,247,595,487	99.01
1. RMB-denominated ordinary shares	6,084,340,880	59.43				1,064,634,302	1,064,634,302	7,148,975,182	69.07
2. Domestically-listed foreign shares									
3. Overseas listed foreign shares	3,098,620,305	30.27						3,098,620,305	29.94
4. Others									
III. Total ordinary shares	10,237,707,541	100				111,989,276	111,989,276	10,349,696,817	100



Changes in Ordinary Shares and Information on Shareholders

2. Explanation on changes in ordinary shares

During the reporting period, as a result of the exercise of share option incentive scheme and conversion of convertible corporate bonds, an aggregate of 9,887,946 A shares were increased. In addition, during the reporting period, 102,101,330 restricted A shares were granted to the participants.

On 16 November 2020, 1,054,746,356 A shares subject to trading moratorium issued under the 2017 non-public issuance of the Company were listed for trading after expiry of lock-up period.

3. Effect of changes in ordinary shares on financial indicators such as earnings per share and net assets per share for the most recent year and most recent period (if any)

Applicable N/A

4. Other disclosure deemed necessary by the Company or required by securities regulatory authorities

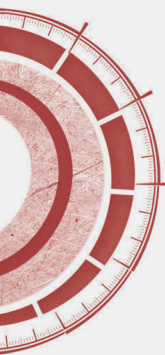
Applicable N/A

Changes in Ordinary Shares and Information on Shareholders

(II) CHANGES IN SHARES SUBJECT TO TRADING MORATORIUM

Unit: share

Name of shareholder	Number of shares subject to trading moratorium at the beginning of the year	Number of shares released from trading moratorium during the year	Increase in the number of shares subject to trading moratorium during the year	Number of shares subject to trading moratorium at the end of the year	Reasons for trading moratorium	Date of lifting trading moratorium
Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd. (廣州匯垠天粵股權投資基金管 理有限公司)	421,898,543	421,898,543	0	0	Trading moratorium lifted after expiry of lock-up period for non-public issuance	16 November 2020
Guangzhou State-owned Assets Development Holdings Co., Ltd. (廣州國資發展控股有限公司)	210,949,272	210,949,272	0	0	Trading moratorium lifted after expiry of lock-up period for non-public issuance	16 November 2020
Guangzhou Finance Holdings Assets Management Co., Ltd. – GFHAM Wealth Management Select No.3 Private Investment Fund (廣州金控 資產管理有限公司 – 廣金資產財富管 理優選3號私募投資基金)	210,949,271	210,949,271	0	0	Trading moratorium lifted after expiry of lock-up period for non-public issuance	16 November 2020
Guangzhou Light Industry and Trade Group Co., Ltd. (廣州輕工工貿集團 有限公司)	105,474,635	105,474,635	0	0	Trading moratorium lifted after expiry of lock-up period for non-public issuance	16 November 2020
Suiyong Holdings Co., Ltd. (穗甬控股有 限公司)	105,474,635	105,474,635	0	0	Trading moratorium lifted after expiry of lock-up period for non-public issuance	16 November 2020
Total	1,054,746,356	1,054,746,356	0	0 /		/



Changes in Ordinary Shares and Information on Shareholders

II. ISSUE AND LISTING OF SECURITIES

(I) ISSUE OF SECURITIES DURING THE REPORTING PERIOD

Applicable N/A

(II) CHANGES IN TOTAL NUMBER OF ORDINARY SHARES AND SHAREHOLDERS STRUCTURE OF THE COMPANY AND CHANGES IN ASSETS AND LIABILITIES STRUCTURE OF THE COMPANY

During the reporting period, as a result of exercise of options granted under the share option incentive scheme and conversion of convertible corporate bonds, 9,887,946 A shares were increased. In addition, 102,101,330 restricted A shares were granted to the participants pursuant to the 2020 A share option and restricted share incentive scheme.

III. INFORMATION ON SHAREHOLDERS AND ULTIMATE CONTROLLER

(I) TOTAL NUMBER OF SHAREHOLDERS

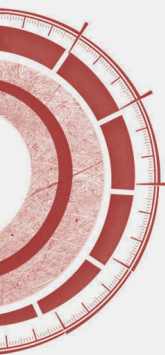
Total number of shareholders of ordinary shares as at the end of the reporting period ^{Note 1}	85,664
Total number of shareholders of ordinary shares as at the end of the month prior to the disclosure of the annual report	121,217

Changes in Ordinary Shares and Information on Shareholders

(II) SHAREHOLDING OF TOP TEN SHAREHOLDERS, TOP TEN SHAREHOLDERS OF CIRCULATING SHARES (OR HOLDERS OF SHARES NOT SUBJECT TO TRADING MORATORIUM) AS AT END OF THE REPORTING PERIOD

Unit: share

Name of shareholder	Shareholding of top ten shareholders			Number of shares held subject to trading moratorium	Pledged or frozen		Nature of shareholder
	Increase/decrease during the reporting period	Number of shares held at the end of the period	Percentage (%)		Status	Number	
GAIG ^{Note 2}	0	5,499,140,069	53.13	0	Nil		State-owned legal person
HKSCC Nominees Limited ^{Note 3}	169,080	3,095,304,266	29.91	0	Unknown		Foreign legal person
Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd. (廣州匯垠天粵股權投資基金管理有限公司)	0	421,898,543	4.08	0	Pledged	210,949,271	State-owned legal person
Guangzhou State-owned Assets Development Holdings Co., Ltd. (廣州國資發展控股有限公司)	0	210,949,272	2.04	0	Nil		State-owned legal person
Guangzhou Finance Holdings Assets Management Co., Ltd. – GFHAM Wealth Management Select No. 3 Private Investment Fund (廣州金控資產管理有限公司—廣金資產財富管理優選3號私募投資基金)	-49,000	210,900,271	2.04	0	Nil		Other
Guangzhou Light Industry & Trade Group Co., Ltd. (廣州輕工工貿集團有限公司)	0	105,474,635	1.02	0	Nil		State-owned legal person
Shanghai Pu-Xing Energy Limited (普星聚能股份公司)	-9,104,253	100,060,000	0.97	0	Nil		Domestic non-state-owned legal person
Suiyong Holdings Co., Ltd. (穗甬控股有限公司)	-32,517,261	72,957,374	0.70	0	Pledged	52,737,317	State-owned legal person
Ningbo Meishan Baoshuigang Area Jincheng Shazhou Equity Investment Co., Ltd. (寧波梅山保稅港區錦程沙洲股權投資有限公司)	0	41,852,306	0.40	0	Nil		Domestic non-state-owned legal person
Wei Zhaoqi (魏兆琪)	21,200,702	31,131,900	0.30	0	Nil		Domestic natural person



Changes in Ordinary Shares and Information on Shareholders

Particulars of shareholdings of the top ten holders of tradable shares not subject to trading moratorium

Name of shareholder	Number of tradable shares not subject to trading moratorium	Class and number of shares	
		Class	Number
GAIG ^{Note 2}	5,499,140,069	A shares, H shares	5,499,140,069
HKSCC Nominees Limited ^{Note 3}	3,095,304,266	Overseas listed foreign shares	3,095,304,266
Guangzhou Huiyin Tianyue Equity Investment Fund Management Co., Ltd. (廣州匯垠天粵股權投資基金管理有限公司)	421,898,543	RMB ordinary shares	421,898,543
Guangzhou State-owned Assets Development Holdings Co., Ltd. (廣州國資發展控股有限公司)	210,949,272	RMB ordinary shares	210,949,272
Guangzhou Finance Holdings Assets Management Co., Ltd. – GFHAM Wealth Management Select No. 3 Private Investment Fund (廣州金控資產管理有限公司 – 廣金資產財富管理優選3號私募投資基金)	210,900,271	RMB ordinary shares	210,900,271
Guangzhou Light Industry & Trade Group Co., Ltd. (廣州輕工工貿集團有限公司)	105,474,635	RMB ordinary shares	105,474,635
Shanghai Pu-Xing Energy Limited (普星聚能股份公司)	100,060,000	RMB ordinary shares	100,060,000
Suiyong Holdings Co., Ltd. (穗甬控股有限公司)	72,957,374	RMB ordinary shares	72,957,374
Ningbo Meishan Baoshuigang Area Jincheng Shazhou Equity Investment Co., Ltd. (寧波梅山保稅港區錦程沙洲股權投資有限公司)	41,852,306	RMB ordinary shares	41,852,306
Wei Zhaoqi (魏兆琪)	31,131,900	RMB ordinary shares	31,131,900
Related relationship or concerted party relationship among the above shareholders	GAIG, the largest shareholder of the Company, is not related to any of the above shareholders, nor is it a party acting in concert with any of them, and it is not known to the Company whether other shareholders are related to each other or whether they are parties acting in concert.		

Changes in Ordinary Shares and Information on Shareholders

Note 1: Total number of shareholders as at the end of the reporting period was 85,664, among which 85,406 holders are holders of A shares and 258 holders are holders of H shares. Total number of shareholders of ordinary shares as at the end of the month prior to the disclosure of the annual report was 121,217, among which 120,959 holders are holders of A shares and 258 holders are holders of H shares.

Note 2: GAIG held 5,206,932,069 A shares of the Company in total, representing approximately 71.81% of the A share capital of the Company. At the same time, GAIG, through Southbound Trading of Shanghai-Hong Kong Stock Connect and Guangzhou Auto Group (Hong Kong) Limited (a wholly-owned subsidiary) held 292,208,000 H shares of the Company in total, representing approximately 9.43% of the H share capital of the Company. The total number of A and H shares of the Company held by GAIG was 5,499,140,069 shares, representing approximately 53.13% of the total share capital of the Company.

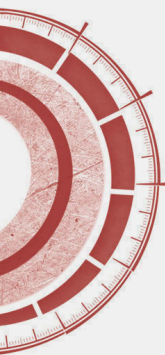
Note 3: H shares held by HKSCC Nominees Limited were held on behalf of a number of clients. H shares of the Company held by Guangzhou Auto Group (Hong Kong) Limited are also registered in trust with HKSCC Nominees Limited.

Number of shares subject to trading moratorium held by top 10 Shareholders and conditions of trading moratorium

Applicable N/A

(III) STRATEGIC INVESTOR OR ORDINARY LEGAL PERSON BECOMING TOP 10 SHAREHOLDERS AFTER PLACING OF NEW SHARES

Applicable N/A



IV. STATUS OF CONTROLLING SHAREHOLDER AND ULTIMATE CONTROLLER

(I) CONTROLLING SHAREHOLDER

1 Legal person

Name	Guangzhou Automobile Industry Group Co., Ltd.
Responsible person of the institution or legal representative	Zeng Qinghong
Date of establishment	18 October 2000
Principal business	Investment in the research and development, manufacturing and marketing of automobile, motorcycle and components, automobile service trade and other relevant industries; Investment in automobile finance and other financial sectors; Investment in self-owned land development projects and related real estate projects and property management.
Equity interests in other controlled and invested companies whose shares were listed in the PRC or overseas during the reporting period	Nil
Other matters	Nil

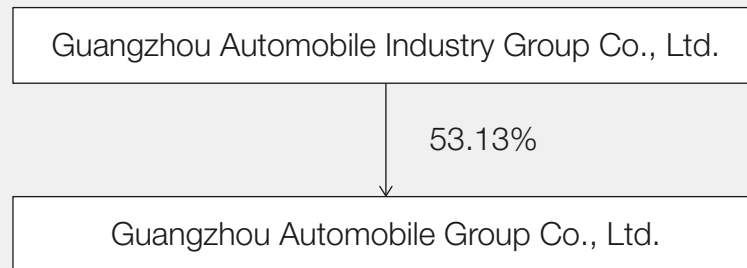
2 Special explanation on absence of a controlling shareholder of the Company

Applicable N/A

3 Details of the index and the date of changes of the controlling shareholder during the reporting period

Applicable N/A

4 Chart showing the ownership and controlling relationship between the Company and the controlling shareholder



(II) ULTIMATE CONTROLLER

1. Legal person

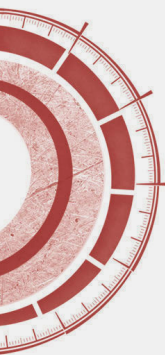
The ultimate controller of the Company is Guangzhou State-Owned Assets Administration Bureau, which is a department directly under the Guangzhou Municipal People's Government, and as authorised by the Guangzhou Municipal People's Government, it performs the obligation of the investor on behalf of the Guangzhou Municipal People's Government and is responsible for the supervision of municipal state-owned assets.

2 Special explanation on absence of an ultimate controller of the Company

Applicable N/A

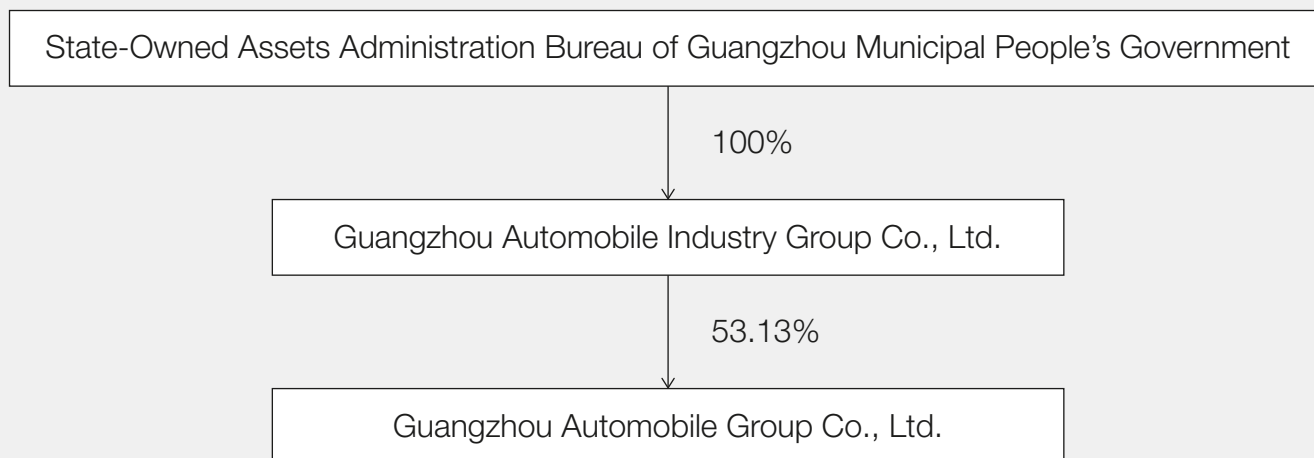
3 Details of the index and the date of changes of the ultimate controller during the reporting period

Applicable N/A



Changes in Ordinary Shares and Information on Shareholders

- 4 Chart showing the ownership and controlling relationship between the Company and the ultimate controller



- 5 The ultimate controller controlled the Company through a trust or other asset management company
 Applicable N/A

(III) OTHER INFORMATION OF THE CONTROLLING SHAREHOLDER AND THE ULTIMATE CONTROLLER

Applicable N/A

V. OTHER CORPORATE SHAREHOLDERS HOLDING MORE THAN 10% SHARES OF THE COMPANY

As at the end of reporting period, there were no other corporate shareholders holding more than 10% shares of the Company.

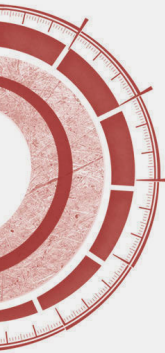
VI. RESTRICTION ON REDUCTION IN SHAREHOLDING

Applicable N/A

VII. INTERESTS REQUIRED TO BE DISCLOSED UNDER THE SFO

As at 31 December 2020, the names of the persons (other than directors and supervisors) entitled to exercise 5% or more of the voting rights at any general meeting of the Company and the number of shares, as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO are set out below:

Name	Class of shares	Capacity	Number of shares (Note 1)	Percentage in the class of issued share capital (%)	Percentage of total share capital (%)
GAIG (Note 2)	A shares	Beneficial owner	5,191,015,530 (L)	71.59	52.98
	H shares	Interest of a controlled corporation	292,208,000 (L)	9.43	
JPMorgan Chase & Co.	H shares	Investment manager	257,354,596 (L)	8.31	3.28
			20,980,866 (S)	0.68	
			60,991,999 (P)	1.97	
Citigroup Inc.	H shares	Approved lending agent	191,722,439 (L)	6.19	3.65
			1,755,046 (S)	0.06	
			184,618,820 (P)	5.96	
Brown Brothers Harriman & Co.	H shares	Agent	186,467,763 (L)	6.02	3.60
			186,467,763 (P)	6.02	
FMR LLC	H shares	Interest of a controlled corporation	162,937,974 (L)	5.26	1.57
BlackRock, Inc.	H shares	Interest of a controlled corporation	157,290,106 (L)	5.08	1.56
			3,690,000 (S)	0.12	



Changes in Ordinary Shares and Information on Shareholders

Notes:

1. (L) – Long Position, (S) – Short Position, (P) – Lending Pool
2. As at 31 December 2020, the total number of A shares of the Company held by GAIG was 5,206,932,069 shares, representing approximately 71.81% of the A share capital of the Company. At the same time, GAIG, through Southbound Trading of Shanghai-Hong Kong Stock Connect and Guangzhou Auto Group (Hong Kong) Limited (a wholly-owned subsidiary) held 292,208,000 H shares of the Company in total, representing approximately 9.43% of the H share capital of the Company. The total number of A and H shares of the Company held by GAIG was 5,499,140,069 shares, representing approximately 53.13% of the total share capital of the Company.

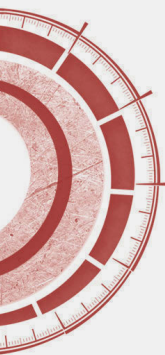
VIII. PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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.

IX. PRE-EMPTIVE RIGHTS AND PUBLIC FLOAT

There is no provision for pre-emptive rights of the shareholders in the Articles of Association and the relevant laws, and they are not entitled to ask the Company to issue shares to them pre-emptively in proportion to their shareholding.

Based on the information publicly available and to the knowledge of the directors, as at the latest practicable date prior to the issue of this annual report, the Company has met the minimum requirement on public float under the Listing Rules.



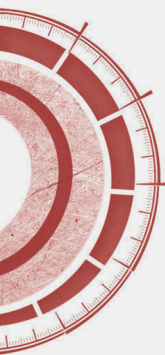
Profiles of Directors, Supervisors, Senior Management and Employees

I. CHANGES IN SHAREHOLDING AND REMUNERATION

(1) PARTICULARS ABOUT CHANGES IN THE SHAREHOLDING AND REMUNERATION OF INCUMBENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Unit: share

Name	Position	Gender	Age	Commencement date of term	Expiry date of term	Number of shares held		Increase/decrease in number of shares during the year	Reason for the increase/decrease	Total remuneration obtained payable by the Company during the reporting period (RMB'000)	Remuneration from related parties of the Company
						at the beginning of the year	at the end of the year				
Zeng Qinghong	Chairman and Party Secretary	Male	59	23 August 2018	22 August 2021	867,000 (A shares)	707,000 (A shares)	-160,000	Share Option Scheme	104.86	No
Feng Xingya	Director and General Manager	Male	51	23 August 2018	22 August 2021	731,533 (A shares)	1,021,533 (A shares)	290,000	Share Option Scheme	239.29	No
Zhao Fuquan	Independent Non-executive Director	Male	57	29 May 2020	22 August 2021	0	0	-	-	8.75	No
Xiao Shengfang	Independent Non-executive Director	Male	51	29 May 2020	22 August 2021	0	0	-	-	8.75	No
Wong Hakkun	Independent Non-executive Director	Male	54	29 May 2020	22 August 2021	0	0	-	-	8.75	No
Song Tiebo	Independent Non-executive Director	Male	55	29 May 2020	22 August 2021	0	0	-	-	8.75	No
Fu Yuwu	Independent Non-executive Director	Male	76	23 August 2018	29 May 2020	0	-	-	-	6.25	No
Lan Hailin	Independent Non-executive Director	Male	61	23 August 2018	29 May 2020	0	-	-	-	6.25	No
Leung Lincheong	Independent Non-executive Director	Male	67	23 August 2018	29 May 2020	0	-	-	-	6.25	No
Wang Susheng	Independent Non-executive Director	Male	52	23 August 2018	29 May 2020	0	-	-	-	6.25	No
Chen Xiaomu	Director and Deputy Party Secretary	Male	45	20 March 2020	22 August 2021	98,467 (A shares)	98,467 (A shares)	0	-	88.64	No
						98,000 (H shares)	98,000 (H shares)				
Chen Maoshan	Director and chairman of the labour union	Male	56	23 August 2018	22 August 2021	716,368 (A shares)	782,368 (A shares)	66,000	Share Option Scheme	200.26	No
						111,274 (H shares)	111,274 (H shares)				
Chen Jun	Director	Male	45	23 August 2018	22 August 2021	0	0	-	-	0	No
Ding Hongxiang	Director	Male	54	23 August 2018	22 August 2021	0	0	-	-	0	No
Han Ying	Director	Male	42	23 August 2018	22 August 2021	0	0	-	-	0	No
Ji Li	Chairman of the supervisory committee	Male	55	23 August 2018	28 September 2020	0	-	-	-	0	No



Profiles of Directors, Supervisors, Senior Management and Employees

Name	Position	Gender	Age	Commencement date of term	Expiry date of term	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase/decrease		Reason for the increase/decrease	Total remuneration obtained payable by the Company during the reporting period (RMB'000)	Remuneration from related parties of the Company
								in number of shares during the year	in number of shares during the year			
Chen Tian	Supervisor	Female	43	23 August 2018	22 August 2021	0	0	-	-		0	No
Long Yong	Supervisor	Male	46	31 May 2019	22 August 2021	0	0	-	-		0	No
Wang Junyang	Supervisor	Male	42	23 August 2018	22 August 2021	0	0	-	-		0	No
Jiang Xiuyun	Staff supervisor	Female	53	23 August 2018	3 February 2021	0	0	0	-		98.48	No
He Jinpei	Staff supervisor	Male	57	23 August 2018	21 September 2020	92,400	-	-	-		72.73	No
						(H shares)						
Shi Lei	Staff supervisor	Male	47	21 September 2020	22 August 2021	160,395	120,395	-40,000		Share Option Scheme	30.64	No
						(A shares)	(A shares)					
Wang Lu	Staff supervisor	Female	52	23 August 2018	22 August 2021	0	0	0	-		77.05	No
Huang Zhuo	Staff supervisor	Male	40	3 February 2021	22 August 2021	0	0	-	-		-	No
Wu Song	Standing Deputy General Manager	Male	57	23 August 2018	22 August 2021	712,300	794,300	82,000		Share Option Scheme	202.05	No
						(A shares)	(A shares)					
Li Shao	Deputy General Manager	Male	58	23 August 2018	22 August 2021	712,267	794,267	82,000		Share Option Scheme	201.15	No
						(A shares)	(A shares)					
Yan Zhuangli	Deputy General Manager	Male	52	24 December 2019	22 August 2021	0	260,000	260,000		Share Option Scheme	197.81	No
							(A shares)					
Wang Dan	Deputy General Manager and person in charge of accounting function	Female	50	23 August 2018	22 August 2021	713,668	953,668	240,000		Share Option Scheme	199.47	No
						(A shares)	(A shares)					
Gao Rui	Deputy General Manager	Male	41	24 December 2019	22 August 2021	0	160,000	160,000		Share Option Scheme	204.19	No
							(A shares)					
Chen Hanjun	Deputy General Manager	Male	58	23 August 2018	22 August 2021	139,220	365,220	226,000		Share Option Scheme	198.57	No
						(A shares)	(A shares)					
Sui Li	Secretary of the Board and company secretary	Female	52	23 August 2018	22 August 2021	80,353	325,353	245,000		Share Option Scheme	191.58	No
						(A shares)	(A shares)					
Jiang Xiuyun	Chief accountant	Female	53	10 February 2021	22 August 2021	0	0	-	-		0	No
Total	/	/	/	/	/			/			2,366.78	/

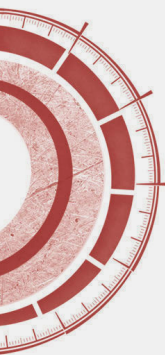
Profiles of Directors, Supervisors, Senior Management and Employees

(2) INTERESTS REQUIRED TO BE DISCLOSED UNDER THE SFO

The following are the interests or short positions of the current and resigned directors, supervisors and senior management of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (as defined in Part XV of the SFO) as at 31 December 2020, which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required, pursuant to Section 352 of the SFO, to be entered in the register referred to therein, or which were required, pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers” (the “**Model Code**”) set out in Appendix 10 to the Listing Rules, to be notified to the Company and the Stock Exchange:

Name	Position	Class of shares	Capacity	Number of shares held	Number of interests in underlying shares held under equity derivatives	Percentage		
						Total	Percentage of total share capital (%)	
Zeng Qinghong	Chairman and Party Secretary	A shares	Beneficial owner	707,000	373,336	1,080,336	0.0149	0.0104
Feng Xingya	Director and General Manager	A shares	Beneficial owner	1,021,533	644,668	1,666,201	0.0230	0.0161
Chen Xiaomu	Director and Deputy Party Secretary	A shares	Beneficial owner	98,467	261,336	359,803	0.0050	0.0035
Chen Maoshan	Director and chairman of the labour union	H shares	Beneficial owner	98,000	0	98,000	0.0032	0.0009
		A shares	Beneficial owner	782,368	581,000	1,363,368	0.0188	0.0132
Shi Lei	Staff representative supervisor	H shares	Beneficial owner	111,274	0	111,274	0.0036	0.0011
Wu Song	Standing Deputy General Manager	A shares	Beneficial owner	120,395	0	120,395	0.0017	0.0012
Li Shao	Deputy General Manager	A shares	Beneficial owner	794,300	596,000	1,390,300	0.0192	0.0134
Yan Zhuangli ^{Note}	Deputy General Manager	A shares	Beneficial owner	794,267	596,000	1,390,267	0.0192	0.0134
Wang Dan	Deputy General Manager and person in charge of accounting function	A shares	Beneficial owner	260,000	614,668	874,668	0.0121	0.0085
Gao Rui	Deputy General Manager	A shares	Beneficial owner	953,668	596,000	1,549,668	0.0214	0.0150
Chen Hanjun	Deputy General Manager	A shares	Beneficial owner	160,000	496,000	656,000	0.0090	0.0063
Sui Li	Secretary of the Board and company secretary	A shares	Beneficial owner	365,220	596,000	961,220	0.0133	0.0093
		A shares	Beneficial owner	325,353	581,000	906,353	0.0125	0.0088

Note: Mr. Yan Zhuangli resigned as a non-executive director of the Company on 15 January 2020. After his resignation, Mr. Yan Zhuangli still serves as the deputy general manager (professional manager) of the Company and a member of the Executive Committee.



Profiles of Directors, Supervisors, Senior Management and Employees

(3) SHARE OPTIONS GRANTED TO DIRECTORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

Unit: share (A shares)

Name	Position	Number of share options held at the beginning of the year	Number of new share options granted during the reporting period	Share options exercisable during the reporting period	Shares issued upon exercise of share options during the reporting period	Number of options cancelled during the reporting period	Exercise price of share options (RMB)	Number of share options held at the end of the reporting period	Market price at the end of the reporting period (RMB)
Zeng Qinghong	Chairman	1,120,000	0	373,332	0	746,664	See note	373,336	4,961,635.44
Feng Xingya	Director and General Manager	1,064,000	290,000	354,666	0	709,332	See note	644,668	8,567,637.72
Chen Xiaomu	Director and Deputy Party Secretary	784,000	0	261,332	0	522,664	See note	261,336	3,473,155.44
Chen Maoshan	Director and chairman of the labour union	1,008,000	245,000	336,000	0	672,000	See note	581,000	7,721,490.00
Wu Song	Standing Deputy General Manager	1,008,000	260,000	336,000	0	672,000	See note	596,000	7,920,840.00
Li Shao	Deputy General Manager	1,008,000	260,000	336,000	0	672,000	See note	596,000	7,920,840.00
Yan Zhuangli	Deputy General Manager	1,064,000	260,000	354,666	0	709,332	See note	614,668	8,168,937.72
Wang Dan	Deputy General Manager and person in charge of accounting function	1,008,000	260,000	336,000	0	672,000	See note	596,000	7,920,840.00
Gao Rui	Deputy General Manager	1,008,000	160,000	336,000	0	672,000	See note	496,000	6,591,840.00
Chen Hanjun	Deputy General Manager	1,008,000	260,000	336,000	0	672,000	See note	596,000	7,920,840.00
Sui Li	Secretary of the Board	1,008,000	245,000	336,000	0	672,000	See note	581,000	7,721,490.00
Total	/	11,088,000	2,240,000	3,695,996	0	7,391,992	/	5,936,008	/

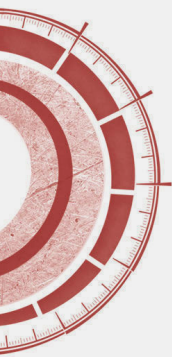
Note: Due to the implementation of the final profit distribution for 2019 and interim profit distribution for 2020 during the reporting period, the exercise price was adjusted in accordance with the profit distribution plans. Among which, the exercise price for the period from 1 January 2020 to 21 June 2020 was RMB19.55 per share, the exercise price for the period from 22 June 2020 to 20 September 2020 was RMB19.40 per share, and the exercise price for the period from 21 September 2020 to 17 December 2020 was RMB19.37 per share.

Profiles of Directors, Supervisors, Senior Management and Employees

Unit: share (A shares)

Name	Position	Number of restricted shares held at the beginning of the year	Number of new restricted shares granted during the reporting period	Grant price of restricted shares (RMB)	Shares unlocked	Shares not yet unlocked	Number of restricted shares held at the end of the reporting period	Market price at the end of the reporting period (RMB)
Feng Xingya	Director and General Manager	0	290,000	4.99	0	290,000	290,000	3,854,100.00
Chen Maoshan	Director and Chairman of the Labour Union	0	245,000	4.99	0	245,000	245,000	3,256,050.00
Wu Song	Standing Deputy General Manager	0	260,000	4.99	0	260,000	260,000	3,455,400.00
Li Shao	Deputy General Manager	0	260,000	4.99	0	260,000	260,000	3,455,400.00
Yan Zhuangli	Deputy General Manager	0	260,000	4.99	0	260,000	260,000	3,455,400.00
Wang Dan	Deputy General Manager and person in charge of accounting function	0	260,000	4.99	0	260,000	260,000	3,455,400.00
Gao Rui	Deputy General Manager	0	160,000	4.99	0	160,000	160,000	2,126,400.00
Chen Hanjun	Deputy General Manager	0	260,000	4.99	0	260,000	260,000	3,455,400.00
Sui Li	Secretary of the Board	0	245,000	4.99	0	245,000	245,000	3,256,050.00
Total		0	2,240,000	/	0	2,240,000	2,240,000	/

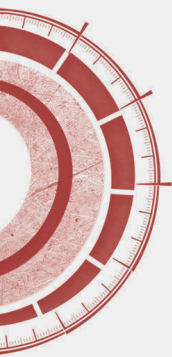
For the grant date, validity period and exercise period of the above A share options, please refer to the section titled “Share Option Scheme, Employee Stock Ownership Scheme or Other Staff Incentives of the Company and Their Impact” under Chapter 4 – “Significant Events” of this report.



Profiles of Directors, Supervisors, Senior Management and Employees

Name	Main work experiences
Zeng Qinghong	<p>Chairman of the Company, party secretary and chairman of the Strategy Committee of the Board. Currently, Mr. Zeng is also the chairman and party secretary of GAIG. He is a senior engineer and graduated from South China University of Technology with a Ph.D. candidate in management science and engineering. He first joined the Company in 1997. He had served as the vice chairman of the Company from June 2005 to October 2016, general manager of the Company from June 2005 to November 2016, and director of the Executive Committee of the Company from June 2013 to November 2016. Mr. Zeng was the vice chairman of GAIG from August 2008 to October 2016, general manager of GAIG from July 2013 to October 2016. He has been serving the current positions since October 2016. He was the chairman of GAC Toyota and vice chairman of GAC Toyota Engine from June 2013 to December 2016. He acted as a chairman of GAMC from August 2008 to June 2013, chairman of GAC Gonow Automobile Co., Ltd. from January 2011 to June 2013 and chairman of GAC FCA from January 2010 to June 2013. Prior to this, he held positions as chairman of GAC Business, GAC Component and GAC Hino, director and executive deputy general manager of GAC Honda and deputy general manager of GAIG and GAC. Mr. Zeng is a delegate of the 10th, 11th and 13th National People's Congress, the chairman of the 5th and 6th Automobile Industry Association of Guangdong Province (廣東省汽車工業協會).</p>
Feng Xingya	<p>Director of the Company, general manager, director of the Executive Committee and a member the Strategy Committee of the Board. He is also a director of GAIG, chairman of GAMC and chairman of GAC AION. Mr. Feng joined the Group in 2004, he has held positions as a deputy head of sales department, deputy general manager, executive deputy general manager and a director of GAC Toyota, a director of GAC Mitsubishi and vice chairman of Tong Fang Logistics. He has been the deputy general manager of the Company since 2008. Since 25 March 2015, he has been a director of the Company. He was the chairman of GAC FCA, GAC FCA Sales, Guang Ai Insurance Brokers Limited, Urtrust Insurance and Da Sheng Technology. Mr. Feng served as a deputy general manager in Zhengzhou Nissan Automobile Company Limited from June 1998 to June 2004. Mr. Feng graduated from Xi'an Jiaotong University with a bachelor's degree in engineering in July 1988 and a master's degree in business administration in July 2001.</p>

Name	Main work experiences
Zhao Fuquan	<p>Independent non-executive director of the Company and a member of the Strategy Committee of the Board. He is a professor and PhD supervisor of the School of Vehicle and Mobility of Tsinghua University, dean of Tsinghua Automotive Strategy Research Institute (TASRI), Chairman of the International Federation of Automotive Engineering Societies (FISITA) (2018-2020) and an independent non-executive director of BAIC Motor Corporation Ltd. He has served as the research director of USA DaimlerChrysler, the vice president and general manager of the R&D center of Shenyang Brilliance Jinbei Automobile Co., Ltd., vice president of Zhejiang Geely Holding Group Co., Ltd. and an executive director of Geely Automobile Holdings Limited, a director of BMW Brilliance Automotive Ltd., chairman of the board of Australia DSI Holdings Ltd., and a director of Manganese Bronze Holdings. Mr. Zhao graduated from Jilin University of Technology as an undergraduate with a bachelor's degree in Internal Combustion Engine in July 1985. He graduated from Hiroshima University as a postgraduate with a master's degree in mechanical engineering in March 1989, and graduated from Hiroshima University as a postgraduate with a doctorate degree in mechanical engineering in March 1992.</p>
Xiao Shengfang	<p>Independent non-executive director of the Company, chairman of the Remuneration and Assessment Committee of the Board, chairman of the Nomination Committee of the Board and a member of the Audit Committee of the Board. He is the supervisor of Guangdong Sino-Win Law Firm, an expert in complicated civil and commercial dispute resolution, a representative of the National People's Congress, chairman of the Guangdong Lawyers Association, a special supervisor of the Supreme People's Court and the Supreme People's Procuratorate, a member of the Guangdong Provincial Judges and Prosecutors Disciplinary Committee, an arbitrator of each of the South China International Economic and Trade Arbitration Commission and the Guangzhou Arbitration Commission, and the vice chairman of the Guangzhou Law Society; and an independent non-executive director of Guangzhou Lingnan International Enterprise Group Co., Ltd. (廣州嶺南國際企業集團有限公司), Guangzhou Municipal Construction Group Co., Ltd. (廣州市建築集團有限公司), Guangdong Fenghua High-tech Co., Ltd. (廣東風華高新科技股份有限公司) and Guangzhou Pearl River Enterprises Group Co., Ltd. (廣州珠江實業集團有限公司). He once served as the vice president of Guangzhou Lawyers Association and the deputy director of the Labor Law Professional Committee of All China Lawyers Association. He obtained a master's degree in business administration from Jinan University in 2002.</p>

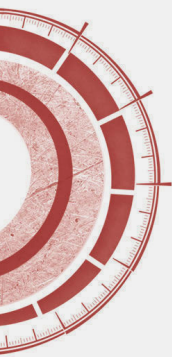


Profiles of Directors, Supervisors, Senior Management and Employees

Name	Main work experiences
Wong Hakkun	<p>Independent non-executive director of the Company and chairman of the Audit Committee of the Board. He is a member of each of the Hong Kong Institute of Certified Public Accountants, the Association of Chartered Certified Accountants, the Institute of Chartered Management Accountants and the Institute of Chartered Secretaries and Administrators, an independent non-executive director of Haier Smart Home Co., Ltd., an independent non-executive director and chairman of audit committee of Yue Yuen Industrial (Holdings) Limited (a company listed on the Stock Exchange, stock code: 0551), an independent non-executive director and chairman of audit committee of Zhejiang Cangnan Instrument Group Company Limited (a company listed on the Stock Exchange, stock code: 1743), and an independent non-executive director and chairman of audit committee of Lung Kee (Bermuda) Holdings Limited (a company listed on the Stock Exchange, stock code: 255). He served as an audit partner of Deloitte China from 1992 to 2013 and as a national audit and assurance leading partner and a member of the management leadership team of Deloitte China from 2013 to 2017. Mr. Wong has extensive experience in auditing, assurance and management. He graduated from the Faculty of Social Sciences of the University of Hong Kong as an undergraduate with a bachelor's degree in social sciences majoring in economics and management in May 1980.</p>
Song Tiebo	<p>Independent non-executive director of the Company, a member of the Strategy Committee of the Board, a member of the Remuneration and Assessment Committee of the Board, a member of the Nomination Committee of the Board and a member of the Audit Committee of the Board. He is a professor and doctoral tutor of the China Enterprises Strategic Management Research Center of the South China University of Technology. He has been focusing on teaching and researching in the field of enterprise strategic management for a long time. He has recently focused on the research on the collaborative evolution of Chinese enterprises strategies and institutional environment. Mr. Song currently serves as an independent non-executive director of Guangdong Xinbao Electrical Appliances Holdings Co., Ltd., Guangzhou Zhujiang Brewery Group Co., Ltd. and Guangdong Sky Dragon Technology Group Co., Ltd. He graduated from South China University of Technology as an undergraduate with a bachelor's degree in inorganic nonmetallic materials science and engineering in June 1988. In December 1993, he graduated from South China University of Technology as a postgraduate with a master's degree in management science and engineering, and graduated from South China University of Technology as a postgraduate with a doctorate degree in enterprise management in July 2005.</p>

Profiles of Directors, Supervisors, Senior Management and Employees

Name	Main work experiences
Chen Xiaomu	Director of the Company, deputy party secretary and the head of party work department (黨群工作本部本部長) of the Company. Mr. Chen is also a director of GAIG. He served as the head of human resources department of the Company, the party secretary, secretary to the disciplinary committee, chairman of labour union and the director of GAC Mitsubishi, and the director of GAC Mitsubishi Sales Co., Ltd. (廣汽三菱汽車銷售有限公司). He graduated from Jilin University of Technology majoring in international trade in 1999 as an undergraduate with a bachelor's degree in engineering. In 2011, Mr. Chen graduated from the School of Business Administration, South China University of Technology majoring in business administration as a postgraduate with a master's degree in business administration. He graduated from Jilin University majoring in business administration in 2018 as a postgraduate with a doctorate degree in management.
Chen Maoshan	Director of the Company (staff representative) and chairman of the labour union of the Company. Mr. Chen is also a director (staff representative), general manager and chairman of the labour union of GAIG, chairman of GAC Mitsubishi, chairman of GAC Mitsubishi Sales and chairman of Wuyang-Honda. He acted as deputy general manager of the Company from March 2011 to June 2013, and deputy director of the Executive Committee of the Company from June 2013 to February 2015. Prior to this, Mr. Chen acted as the head of general affair department of GAC Honda, deputy general manager of Honda Automobile (China) Co., Ltd., deputy general manager of Guangzhou Motorcycle Group Co., Ltd., managing director and standing deputy general manager of Wuyang-Honda and the chairman of GAC Component.
Chen Jun	Director of the Company and a member of the Strategy Committee of the Board, the vice president of Wanxiang Group Corporation Ltd. (萬向集團公司) and president of Wanxiang 123 Holdings Co., Ltd. He served as president of the Research Institute of Wanxiang Group Corporation Ltd., assistant to general manager of Wanxiang Electric Vehicle Development Centre (萬向電動汽車開發中心), general manager of Wanxiang Electric Vehicle Co., Ltd. (萬向電動汽車有限公司) and general manager of Shangwan New Energy Bus Co., Ltd. (上萬新能源客車有限公司). Mr. Chen graduated from Xi'an Jiaotong University (西安交通大學) in engineering mechanics in 1997 and from Wuhan Automotive Industry University (武漢汽車工業大學) in engineering and automobile (master's degree) in 2000, and obtained a doctoral degree in automotive engineering from Wuhan University of Technology (武漢理工大學) in 2003.

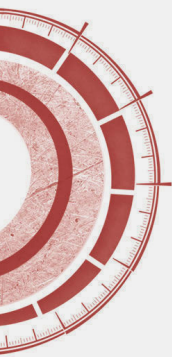


Profiles of Directors, Supervisors, Senior Management and Employees

Name	Main work experiences
Ding Hongxiang	Director of the Company, a member of the Strategy Committee of the Board, a member of the Remuneration and Assessment Committee of the Board, and a member of the Nomination Committee of the Board, and deputy general manager of China National Machinery Industry Corporation Limited (中國機械工業集團有限公司). Mr. Ding is vice president of China Association of Automobile Manufacturers, vice president of Society of Automotive Engineers of China. Mr. Ding graduated from Huazhong University of Science and Technology (undergraduate) in 1986, and obtained a master's degree and a doctoral degree in western economics from Huazhong Institute of Technology in 1989 and Huazhong University of Science and Technology in 2011, respectively.
Han Ying	Director of the Company, the chairman and party secretary of Guangzhou Industrial Investment Fund Management Co., Ltd. (廣州產業投資基金管理有限公司). He served in Guangdong Yuegang Water Supply Co., Ltd. from August 2006 to July 2007, and was previously the vice director of listing office, vice president, and vice president of Beijing branch of Jinzhou Bank Co., Ltd. from August 2007 to July 2011, vice chairman of Shenzhen Tatfook Peitian Investment Co., Ltd. (深圳大富配天投資有限公司) from August 2011 to March 2013. He has successively served as the general manager, chairman and party secretary of Guangzhou Industrial Investment Fund Management Co., Ltd. since March 2013. Mr. Han graduated from Guanghua School of Management of Peking University in July 2006 with a master's degree in business administration.
Chen Tian	Supervisor of the Company. She was a designated supervisor of Guangzhou Communication Investment Group Co., Ltd., a senior staff of the supervision office, office and legal department of the Guangzhou Municipal Commission of Commerce (Guangzhou Foreign Trade and Economic Cooperation Bureau). She graduated from Sun Yat-sen University majoring in law (undergraduate) in 2002 and a master's degree in economic law from Sun Yat-sen University in 2008.

Profiles of Directors, Supervisors, Senior Management and Employees

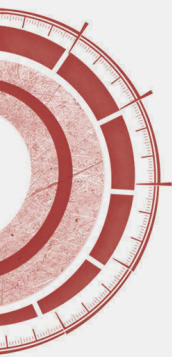
Name	Main work experiences
Long Yong	Supervisor of the Company. He is also the head of planning and development department of Guangzhou Industrial Investment Holdings Group (廣州工業投資控股集團有限公司). He previously served as the deputy officer and the officer of the Guangzhou Non-ferrous Metals Group (廣州有色金屬集團), the secretary of the board, officer of the board office and officer of the company office of Guangzhou Iron & Steel Enterprises Group. Mr. Long graduated from Hengyang branch of Hunan University (湖南大學衡陽分校) in 1995 and graduated with a major in economics from the Graduate School of Party School of the Central Committee of C.P.C. in 2011.
Wang Junyang	Supervisor of the Company. He is also the chief financial officer of Guangzhou Chime-Long Group Co., Ltd. Since March 2011, he has worked in Guangzhou Chime-Long Group Co., Ltd., and served as deputy financial manager, management accounting manager and deputy group chief financial officer. Mr. Wang was a senior audit manager and a signatory accountant for listed companies of BDO China Li Xin Da Hua CPA Co., Ltd. He graduated from Zhongnan University of Economics and Law and obtained a bachelor's degree in business administration in January 2006.
Shi Lei	Supervisor of the Company. He is also a member of the disciplinary committee, the deputy secretary, the director of the disciplinary committee and the general office of the commissioner of discipline inspection office of the Company. He previously served as the deputy secretary of the party committee, secretary of the disciplinary committee and chairman of the labor union of GAMC (Hangzhou) and the assistant to the general manager, director of the party committee office and director of the office of GAMC. Mr. Shi graduated from the Department of Business Administration of Huazhong University of Science and Technology with a bachelor's degree in engineering, majoring in industrial engineering and management in July 1996, and obtained a master's degree in business administration from Sun Yat-sen University in July 2002.



Profiles of Directors, Supervisors, Senior Management and Employees

Name	Main work experiences
Wang Lu	Staff representative supervisor of the Company, deputy chairwoman of the labour union, auditing officer and chairwoman of the headquarters of the labour union of the Company. With a bachelor's degree, she joined the Group in 1992 and had been a member of the public relations division of the general manager's office of Guangzhou Peugeot Automobile Company (廣州標緻汽車有限公司) and Guangzhou Sedan Co., Ltd. (廣州轎車有限公司) and an officer of the labour union, a member and the chairwoman of the branch of the labour union, a party branch member and secretary and the head of the female workers union of GAC Honda, the deputy head of the office of the labour union of the Company and chairwoman of the labour union of the headquarter.
Huang Zhuo	Supervisor of the Company, deputy head of each of the audit department and the risk control department of the Company. He concurrently acts as chairman of the supervisory committee of GAC Finance, a supervisor of GAC Capital, GAC Honda Automobile Sales Co., Ltd. (廣汽本田汽車銷售有限公司) and GAC BYD, and a member of the audit committee of the GAC-SOFINCO. Mr. Huang previously served as the chief financial officer of GAEI and the audit manager of KPMG Huazhen LLP Guangzhou branch. In 2007, he graduated from the University of Wollongong majoring in accounting and obtained a postgraduate degree and a master's degree in accounting.
Wu Song	Standing deputy general manager and a member of the Executive Committee of the Company. He is also currently the chairman of GAC Toyota, GAC Toyota Sales, vice chairman of GAC Toyota Engine, a director of GAMC and GAC AION and co-chairman of GAC Nio. Mr. Wu joined the Company in August 2002 and acted as deputy general manager of the Company from 2007 to June 2013. He was a director of the Company from February 2015 to August 2017. Mr. Wu has held positions as a director and deputy general manager of Wuyang-Honda, a director of GAC Toyota and director and deputy general manager of GAC Toyota Engine, chairman and general manager of GAMC, a director of GAC FCA, chairman of GAMC (Hangzhou) and vice chairman of Tong Fang Logistics. Mr. Wu previously acted as director and general manager of Yegang Group Co., Ltd. Mr. Wu obtained a bachelor's degree in engineering of Mechanical No. 1 Department from Engineering Institute of Central China (now known as Huazhong University of Science and Technology) in July 1984. He graduated from Xi'an Jiaotong University majoring in industrial engineering in 1989. He is a senior economist.

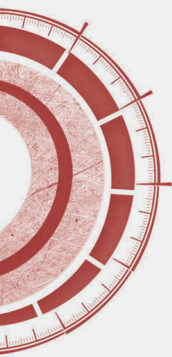
Name	Main work experiences
Li Shao	<p>Deputy general manager and a member of Executive Committee of the Company. He is also chairman of GAC Honda and GAC Honda Sales and a director of GAMC and GAC AION. He joined GAC Group in June 1997 and has been the deputy general manager of the Company since 2007. Prior to this, Mr. Li had served as director of automobile planning department of Guangzhou municipal government, head of investment department and foreign economics, office director, assistant to general manager and deputy general manager of Guangzhou Automobile Group (廣州汽車集團), deputy party secretary of Guangzhou Junwei Bus (廣州駿威客車), assistant to general manager and deputy general manager of GAIG, director of GAC Toyota, a director and an executive deputy general manager of GAC Hino, chairman of GAC Component and Wuyang-Honda etc. Mr. Li graduated from South China University of Technology and obtained a bachelor's degree in engineering in metal material and heat treatment in July 1985 and he also obtained a master's degree in business administration from the Open University of Hong Kong in June 2002.</p>
Yan Zhuangli	<p>Deputy general manager and a member of the Executive Committee of the Company. He is also the chairman of GAC FCA and Zhicheng Industry, a director of GAMC and GAC AION. He previously served as a director and the deputy party secretary of the Company, a director of GAIG, the chairman of GAC Business, the party secretary, secretary of the disciplinary committee and chairman of the labour union of GAC Toyota, a director of GAC Honda, the chairman of GAC Component and a director of GAC Hino. He has successively studied in the department of social sciences of Central South Industrial University and the master of business administration in the School of Management of Sun Yat-sen University, and obtained a university diploma, a bachelor's degree in law and a master's degree in business administration, respectively. He is a senior economist.</p>



Profiles of Directors, Supervisors, Senior Management and Employees

Name	Main work experiences
Wang Dan	<p>Deputy general manager, chief financial officer, and a member of the Executive Committee of the Company. She is also chairwoman of GAC-SOFINCO, GAC Finance and Guangyue assets and a director of GAMC and GAC AION. Ms. Wang joined GAC Group in March 1999, and has been the Company's chief financial officer and financial controller since 2005. Prior to this, Ms. Wang served in the financial audit department of Guangzhou Junda Automobile Enterprise Group (廣州駿達汽車企業集團) and was the deputy head of the financial audit division of the Guangzhou Automobile Group Ltd. (廣州汽車集團有限公司), and the chairwoman of the supervisory committees of GAMC, GAC Changfeng and GAC AION. Ms. Wang graduated from the Sun Yat-Sen University with a bachelor's degree in July 1992 and the School of Management of Zhongshan University with a senior executive master's degree in business administration in June 2005. She is a senior accountant and non-practicing registered accountant.</p>
Gao Rui	<p>Deputy general manager, a member of the Executive Committee and the head of the public relations and publicity department of the Company. He also acts as the chairman of Guangzhou Chenqi Mobility Technology Co., Ltd. (廣州宸祺出行科技有限公司) and Guangzhou Chenqi Automobile Service Co., Ltd. (廣州宸祺汽車服務有限公司). He served as the head of the assets management department of the Company, the chairman and general manager of China Lounge Investments and Guangzhou Auto Group (Hong Kong) Limited, a director and general manager of Denway Motors and a director of GAC Component. He studied at the National University of South Australia in business administration and obtained a master's degree in business administration.</p>

Name	Main work experiences
Chen Hanjun	<p>Deputy general manager and a member of the Executive Committee of the Company. He is also the chairman of GAC Hino and a director of GAC Toyota. Prior to this, Mr. Chen served as the department head of investment management department and assistant of general manager of Guangzhou Junda Automobile Group, the chairman of Guangzhou Huade Automobile Spring Co., Ltd., the general manager of Guangzhou Automobile Technology Centre, the party secretary, a director and executive deputy general manager of GAC Hino and chairman of GAC Hino (Shenyang) Motors Co., Ltd., Shanghai Hino and GAC BYD. He graduated from the department of mechanical engineering of South China University of Technology with a bachelor's degree in engineering in 1984. He graduated from School of Business Administration of South China University of Technology in 1989, majoring in industrial management, with a graduate diploma and a master's degree in business administration. He went to the University of Coventry to study advanced manufacturing management technology in 2000. He is a senior economist.</p>
Sui Li	<p>Secretary of the Board (company secretary) and the head of the financing business department of the Company, and chairwoman of GAC Capital. Prior to this, she had served as the deputy head of the securities department, head of the investment department and head (senior assistant level) of the office of the Board of the Company and a director of GAC Changfeng. She had served as regional general manager of Guangzhou district in the investment banking department of GF Securities Co., Ltd. (廣發證券股份有限公司) and the Office Secretariat of Guangzhou City People's Government (廣州市人民政府辦公廳秘書處). She graduated from Jinan University in March 2001 with a master's degree in business administration and graduated from the Macau University of Science and Technology in June 2011 as a postgraduate with a doctorate degree in business administration. She is a senior economist and a Guangzhou high-level financial talent (senior management talent).</p>



Profiles of Directors, Supervisors, Senior Management and Employees

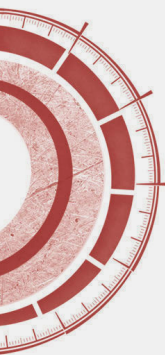
Name	Main work experiences
Jiang Xiuyun	<p>Chief accountant of the Company. She once served as a staff representative supervisor, deputy head of compliance department, head of risk control department and head (senior assistant level) of the audit department of the Company, chairman of the supervisory committees of Guangzhou Zhicheng Industry Co., Ltd. and Guangzhou Guangyue Assets Administration Co., Ltd. (廣州廣悅資產管理有限公司), director of the financial tax audit office of the Audit Bureau of Guangzhou Municipality (廣州市審計局財政稅務審計處). In 1988, she graduated with specialisation in auditing from the school of accounting of Guangdong University of Business Studies (廣東商學院) and obtained a diploma. In 2002, she graduated with a major in economics from Xiamen University and obtained a bachelor's degree.</p>

II. TERMS OF OFFICE OF INCUMBENT AND RESIGNED DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT DURING THE REPORTING PERIOD

(I) TERM OF OFFICE IN SHAREHOLDERS' UNITS

Name of staff	Name of shareholders' unit	Position held in shareholders' unit	Commencement date of term	Expiry date of term
Zeng Qinghong	GAIG	Chairman	October 2016	
Feng Xingya	GAIG	Director	August 2017	
Chen Xiaomu	GAIG	Director	March 2020	
Chen Maoshan	GAIG	Director and Chairman of the Labour Union	March 2015	
Chen Maoshan	GAIG	General Manager	June 2019	
Yan Zhuangli	GAIG	Director	August 2017	March 2020
Yan Zhuangli	GAIG	Deputy Party Secretary	October 2017	March 2020
Ding Hongxiang	China Industry National Corporation Machinery Limited	Deputy General Manager	August 2011	
Han Ying	Guangzhou Industrial Investment Fund Management Co., Ltd.	Chairman and Party Secretary	January 2016	
Wang Junyang	Guangzhou Chime-Long Group Co., Ltd.	Chief Financial Officer	August 2018	
Wu Song	GAIG	Director	June 2019	

Term of office in shareholders' units If expiry date of term is not stated, the appointment of the staff will continue and there is no fixed expiry date of term.



Profiles of Directors, Supervisors, Senior Management and Employees

(II) TERM OF OFFICE IN OTHER UNITS

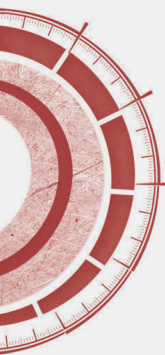
Name of staff	Name of other unit	Position held in other unit	Commencement date of term	Expiry date of term
Zeng Qinghong	Guangdong Automobile Industry Association	President	March 2009	September 2020
Zeng Qinghong	Energy-saving and New energy Automotive Technology Roadmap Steering Committee	Member	November 2016	
Zeng Qinghong	Guangzhou Headquarters Economy Association	President	November 2016	
Zeng Qinghong	China Association of Automobile Manufacturers	Vice President	March 2015	
Zeng Qinghong	Society of Automotive Engineers of Guangdong Province	Honorary President	February 2015	
Zeng Qinghong	China Tendering and Bidding Association	Standing Director	February 2015	
Feng Xingya	Guangdong Automobile Industry Association	President	September 2020	
Zhao Fuquan	BAIC Motor Corporation Limited	Independent non-executive director	December 2014	
Xiao Shengfang	Guangdong Lawyers Association	Chairman	December 2016	
Xiao Shengfang	Guangzhou Lingnan International Enterprise Group Co., Ltd.	Independent non-executive director	March 2015	
Xiao Shengfang	Guangzhou Municipal Construction Group Co., Ltd.	Independent non-executive director	January 2020	
Xiao Shengfang	Guangdong Fenghua High-tech Co., Ltd.	Independent non-executive director	November 2020	
Xiao Shengfang	Kingfa Technology Co., Ltd.	Independent non-executive director	January 2021	
Wong Hakkun	Haier Smart Home Co., Ltd.	Independent non-executive director	June 2020	
Wong Hakkun	Yue Yuen Industrial (Holdings) Limited	Independent non-executive director	June 2018	
Wong Hakkun	Lung Kee (Bermuda) Holdings Limited	Independent non-executive director	June 2018	
Wong Hakkun	Zhejiang Cangnan Instrument Group Company Limited	Independent non-executive director	June 2018	
Song Tiebo	Guangzhou Zhujiang Brewery Group Co., Ltd.	Independent non-executive director	October 2016	
Song Tiebo	Guangdong Sky Dragon Technology Group Co., Ltd.	Independent non-executive director	July 2019	
Song Tiebo	Guangdong Xinbao Electrical Appliances Co., Ltd.	Independent non-executive director	August 2020	
Chen Jun	Wanxiang Group Co., Ltd.	Vice President	November 2017	
Chen Jun	Wanxiang 123 Holdings Co., Ltd.	President	December 2019	
Ding Hongxiang	China Association of Automobile Manufacturers	Vice President	May 2015	
Ding Hongxiang	China Society of Automotive Engineers	Vice President	November 2017	

Term of office in other units

If expiry date of term is not stated, the appointment of the staff will continue and there is no fixed expiry date of term.

III. REMUNERATION FOR DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

Decision-making procedures for the remuneration of the directors, supervisors and senior management	The Remuneration and Assessment Committee of the Board conducted appraisal of the remuneration of the senior management of the Company and formulated the incentive program, which shall be implemented after the approval of the Board. The allowance for independent non-executive directors is implemented after the approval of the Board and the general meeting. The remuneration of other directors and supervisors is determined in accordance with the related remuneration policy of the Company.
Basis for determination of the remuneration of the directors, supervisors and senior management	The remuneration of independent non-executive directors is implemented in accordance with the plan approved at the general meeting; the remuneration of other directors and supervisors are determined by both the formulated remuneration policy of the Company and the yearly assessment results. The remuneration of senior management is determined in accordance with the relevant assessment program combined with the annual results of the Company and their individual performance.
Actual payment of the remuneration of the directors, supervisors and senior management	The remuneration of independent non-executive directors is implemented in accordance with the plan approved at the general meeting; no other directors or supervisors have received remuneration from the Company merely in their capacity as directors or supervisors; the remuneration of senior management is implemented upon review and consideration by the Board and in accordance with relevant regulatory policies.
Total remuneration paid to all directors, supervisors and senior management as at the end of the reporting period	RMB23.6678 million



Profiles of Directors, Supervisors, Senior Management and Employees

IV. CHANGES OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF THE COMPANY

Name	Position	Way of Change	Reason for change
Chen Xiaomu	Director	Election	By-election
Fu Yuwu	Independent Non-executive Director	Resignation	Ceased to be an independent non-executive director after expiry of a term of six years
Lan Hailin	Independent Non-executive Director	Resignation	Ceased to be an independent non-executive director after expiry of a term of six years
Leung Lincheong	Independent Non-executive Director	Resignation	Ceased to be an independent non-executive director after expiry of a term of six years
Wang Susheng	Independent Non-executive Director	Resignation	Ceased to be an independent non-executive director after the expiry of a term of six years
Zhao Fuquan	Independent Non-executive Director	Election	Elected as an independent non-executive director at the general meeting
Xiao Shengfang	Independent Non-executive Director	Election	Elected as an independent non-executive director at the general meeting
Wong Hakkun	Independent Non-executive Director	Election	Elected as an independent non-executive director at the general meeting
Song Tiebo	Independent Non-executive Director	Election	Elected as an independent non-executive director at the general meeting
He Jinpei	Supervisor	Resignation	Ceased to be a staff representative supervisor due to change of position
Shi Lei	Supervisor	Election	Elected as a staff representative supervisor at the staff representatives' meeting
Ji Li	Chairman of the supervisory committee	Resignation	Ceased to be the chairman of the supervisory committee due to change of position
Jiang Xiuyun	Supervisor	Resignation	Ceased to be a staff representative supervisor due to change of position
Jiang Xiuyun	Chief accountant	Appointment	Appointed as chief accountant by the Board
Huang Zhuo	Supervisor	Election	Elected as a staff representative supervisor at the staff representatives' meeting

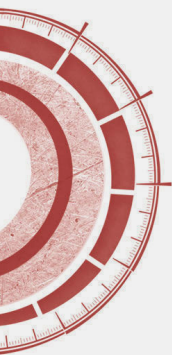
V. INTERESTS OF DIRECTORS OR SUPERVISORS IN CONTRACTS

None of the directors or supervisors has entered into any service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director or a supervisor and a connected entity of a director or a supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

VI. PUNISHMENTS IMPOSED BY SECURITIES REGULATORY AUTHORITIES IN THE LAST THREE YEARS

Applicable N/A



Profiles of Directors, Supervisors, Senior Management and Employees

VII. EMPLOYEE INFORMATION OF THE COMPANY AND MAJOR SUBSIDIARIES

(1) EMPLOYEES

Number of existing employees of the parent company	267
Number of existing employees of major subsidiaries ^{Note}	93,478
Total number of existing employees	93,745
Number of employees resigned or retired the pension of which the parent company and major subsidiaries had to be responsible for	1,545

Professional composition

	Number of employees
Category of professional composition	
Production personnel	55,360
Salesperson	5,665
Technician	14,592
Financial staff	1,810
Administrative staff	4,293
Finance and insurance	1,785
Others	10,240
Total	93,745

Education level

	Number of employees
Category of education level	
Doctorate	147
Master's degree	4,399
Undergraduate (including double bachelor's degree)	22,028
Tertiary	18,544
Secondary school and below	48,627
Total	93,745

Note: The number of employees of joint ventures and associated companies are included.

(2) REMUNERATION POLICY

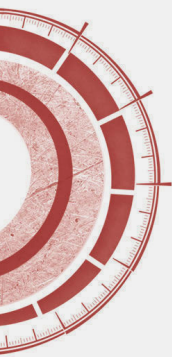
Based on its development plan, the Group strengthened macro-management of remuneration, and attached importance to maintaining the market competitiveness of its remuneration level. By studying and analysing the market remuneration data, CPI growth rate and industry benchmark, it reviewed its remuneration level and popularised a salary negotiation mechanism, so as to ensure that the remuneration system plays an incentive role in retaining talents.

In accordance with the requirements of the relevant remuneration determination mechanism of the senior departments, the Group has implemented record-keeping and liquidation management in respect of the total wage budget, in order to realise the link between the total wages and economic indicators as well as the labour efficiency indicators.

It advocated the implementation of performance-linked remuneration policy and continuously improved the performance appraisal mechanism, individual performance appraisal measures, and employee promotion system, and formulated remuneration policies that provide incentives and restraints.

Timely and full contributions to various social insurances were made in accordance with the requirements of national and provincial laws and regulations on labour and social security to timely safeguard the interests of the employees. The Group also purchased supplementary medical and other commercial insurances for its staff to further protect and safeguard their interests and health beyond the requirements of policies and regulations.

The Group will further improve the Company's remuneration system in terms of incentive and retaining talents. Timely and full contributions to pension insurance, medical insurance, injury insurance, unemployment insurance, maternity insurance, housing fund and other statutory benefits schemes will be made. Investee enterprises under the Group are encouraged to further enhance the flexibility and protection of staff benefit system.



Profiles of Directors, Supervisors, Senior Management and Employees

(3) TRAINING PROGRAM

During the reporting period, the Group implemented the work policy of “responding to the pandemic, focusing on key points, continuously tapping potential, improving quality and efficiency” in staff training, strived for the goal of “continuously training and providing high-quality talents to facilitate the realisation of the Group’s strategic objectives”, actively responded to the negative impact of the COVID-19 pandemic on talent training, deeply exploited internal training resources, innovated and enriched training methods, and effectively and efficiently utilised government supporting policies to help enterprises resume work and production. An annual aggregate number of training attendance was 846,100.

In 2021, the Group will continue to carry out its staff training in accordance with the work policy, benchmarked against world-class companies, and guided by the Group’s “14th Five-Year Plan” and the planning blueprint of GAC University (Party School), to establish broad platforms and professional guidance, so as to provide strong talent support for the strategic implementation of the Group.

(4) LABOUR OUTSOURCING

Total working hours of labour outsourcing	18,868,000
Total remuneration paid for labour outsourcing	RMB892,736,447

Note: including joint ventures and associated enterprises.

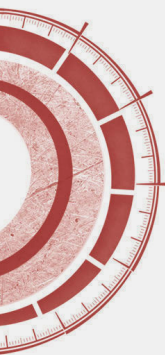
VIII. OTHERS

PRODUCTION SAFETY

In 2020, the Group persisted in following the guidance of Xi Jinping's new era of socialism with Chinese characteristics, adhered to General Secretary Xi Jinping's instruction of "party and government sharing the same responsibility, one post with dual responsibilities, joint control and management and accountability for dereliction of duty", and upheld the idea of "people-oriented and safe development". In accordance with the annual production safety target control indicator plan approved by the Board, the Group closely focused on the major tasks of production safety and pandemic prevention and control, and strictly performed the main responsibility of enterprises for production safety. The Group continuously deepened the construction of safety management system, carried out in-depth production safety objective management and assessment, strengthened risk management and control and the treatment of hidden hazards, and promoted the implementation of main responsibility of the investee enterprises for production safety.

During the reporting period, the Group had experienced no major (or above) safety production accidents, and its production remained generally safe and was in an orderly manner.

In 2021, the Group will continue to promote all investee enterprises to further implement the main responsibility of enterprises for production safety, and improve the production safety responsibility system and institutional system; continue to implement production safety responsibility objective management, and continuously improve the enterprise safety production responsibility system; deepen the standardisation of safety production standard of enterprises; devote greater efforts to carry out safety informatisation and promote the construction of the Group's safety informatisation management system platform; earnestly carry out the construction of a dual prevention mechanism for enterprise safety risk grading management and control and investigations and rectification of hidden hazards, and strictly implement accident treatment and accountability to prevent the occurrence of major safety accidents.



Report of the Directors

The Board is pleased to submit the report of the directors together with the audited consolidated financial statements for the year ended 31 December 2020.

DIRECTORS AND SUPERVISORS

The details of the directors and supervisors of the Company for the year are set out in the paragraph titled “Changes in Shareholding and Remuneration” under Chapter 6 – “Profiles of Directors, Supervisors, Senior Management and Employees” of this report. Such section forms part of this report of the directors.

PRINCIPAL ACTIVITIES

Information of the principal activities of the Company for the year is set out in Chapter 1 – “Corporate Profile and Summary of Business” of this report. Such section forms part of this report of the directors.

PERMITTED INDEMNITY PROVISIONS

The Company has arranged appropriate liability insurance cover for its directors and relevant management personnel during the reporting period.

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into during the year.

BUSINESS REVIEW

1. BUSINESS PERFORMANCE, PRINCIPAL RISKS AND UNCERTAINTIES AND FUTURE DEVELOPMENT

The discussion on the business performance, principal risks and uncertainties and future development of the Group, as well as the analysis of financial key performance indicators of the Group are set out in Chapter 3 – “Discussion and Analysis on Operation” of this report. Such sections form part of this report of the directors.

2. SIGNIFICANT EVENTS SUBSEQUENT TO THE REPORTING PERIOD

Nil

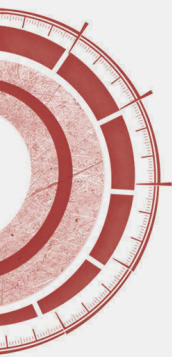
3. ENVIRONMENTAL POLICIES AND PERFORMANCE

The Group always adheres to the development concept of green development, energy conservation and emission reduction and considers environmental protection as an important task for enterprises. The Group strictly complies with various environmental laws and regulations, adheres to the scientific development concept as guidance, strengthens the responsibility system for environmental protection targets, and increases efforts in energy conservation and emission reduction, actively promotes energy conservation and emission reduction from technical innovation, production organisation and daily management. The environmental protection facilities are in normal, stable and continuous operation with satisfactory treatment results. No major environmental pollution incidents occurred.

The Group strictly abides by various environmental protection laws and regulations stipulated by the Government and strictly controls all kinds of pollutants generated. The Group strictly implements the environmental impact assessment system and the “Three Simultaneous” system during the project construction (the environmental protection facilities must be designed, constructed and commenced operation with the construction project simultaneously).

In order to conscientiously implement the national environmental protection and safety laws and regulations, ensure timely control after unexpected environmental incidents, prevent the spread and pollution of major accidents, effectively organise post-incident relief and rescue, and protect the personal safety of employees and the safety of the Company’s properties, pursuant to the relevant documents such as the National Environmental Emergency Plan, and the actual situation of the enterprise, in line with the principle of “focus on prevention, focus on self-help, unified command, division of labour”, the Group has prepared corresponding emergency plans for unexpected environmental incidents, and notified the relevant environmental protection departments. The Group organises regular publicity and training within the enterprise and annual emergency drills and reviews which would improve the ability of enterprises to respond to unexpected environmental pollution accidents and prevent and control the occurrence of environmental pollution accidents effectively.

In order to consciously fulfill the obligations to environmental protection, the Group actively accepts social supervision, and develops self-monitoring programs in accordance with the requirements of national construction regulations and standards. All the monitoring results have met the standard.



Report of the Directors

4. LAWS AND REGULATIONS THAT HAVE A SIGNIFICANT IMPACT ON THE COMPANY

The Company strictly complies with domestic and overseas laws and regulations and industrial standards such as the Listing Rules, the SSE Listing Rules, the SFO, the Company Law, the Securities Law and the Regulations on the Supervision and Administration of Securities Companies.

5. KEY RELATIONSHIPS

Information regarding the Company's key relationships with its employees, customers and suppliers is set out in the paragraph titled "Employee Information of the Company and Major Subsidiaries" under Chapter 6 – "Profiles of Directors, Supervisors, Senior Management and Employees" and in the paragraphs titled "Sale to major customers" and "Major suppliers" under Chapter 3 – "Discussion and Analysis on Operation" of this report.

INTERESTS OF DIRECTORS AND SUPERVISORS

During the period and at the end of the Company's financial year, there were no arrangements whose objects are, or one of whose objects is, to enable directors and supervisors of the Company to acquire benefits in shares or debentures of, the Company or any other body corporate.

DONATIONS

Details of charitable and other donations made by the Group during the year are set out in the paragraph titled "Fulfillment of Social Responsibility" under Chapter 4 – "Significant Events" of this report.

ISSUE OF SHARES

During the reporting period, as a result of conversion of A share convertible bonds, exercise of share options granted under the share option incentive schemes and capitalisation of the capital reserve from profit distribution, an aggregate of 111,989,276 A shares were increased.

ISSUE OF DEBENTURES, BONDS AND OTHER DEBT SECURITIES

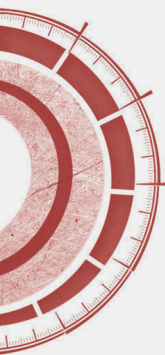
The Company did not issue any debentures, bonds or other debt securities during the year.

EQUITY-LINKED AGREEMENTS

No equity-linked agreement was entered into by the Company during the year. For the information of the equity-linked agreements entered into by the Company in prior financial years, please refer to the paragraph titled “Share Option Scheme, Employee Stock Ownership Scheme or Other Staff Incentives of the Company and Their Impacts” under Chapter 4 – “Significant Events” of this report.

DIVIDENDS

During the year, an interim dividend of RMB0.03 per share (2019: RMB0.05) (tax inclusive) was distributed, totalling approximately RMB307,137,874.14 (2019: approximately RMB511,885,377.05). The Board recommends to distribute a final dividend of RMB0.15 per share (2019: RMB0.15) (tax inclusive) for the year ended 31 December 2020, totalling approximately RMB1,552,648,932.30 (2019: approximately RMB1,535,656,131.15).



Report of the Directors

REASONS FOR RESIGNATION

During the year, no director or supervisor of the Company resigned or refused to stand for re-election in respect of which the Company had received a notice in writing from such director or supervisor specifying that the resignation or refusal is due to reasons relating to the affairs of the Company (whether or not other reasons are specified).

DIRECTORS' AND SUPERVISORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

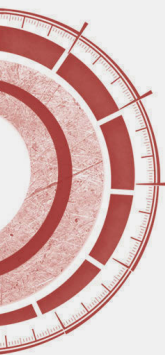
No transactions, arrangements or contracts of significance in relation to the Group's business to which the Company or any of its subsidiaries was a party and in which a director or a supervisor and a connected entity of a director or a supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

TAX RELIEF

The Company is not aware of any relief from taxation available to shareholders by reason of their holdings in the shares.

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

Guangzhou, the PRC, 25 March 2021



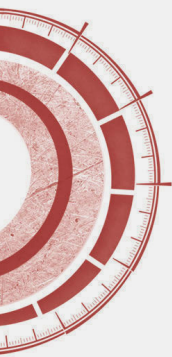
Report of the Supervisory Committee

In 2020, the supervisory committee conducted its work with the spirit of holding itself accountable to all shareholders and duly performed its various duties and obligations. All members of the supervisory committee participated in the discussion in respect of the major operation decisions of the Company, and supervised the financial conditions and lawful operation of the Company and performance of directors and senior management according to law, through attending supervisory meetings, general meetings and Board meetings etc., in accordance with the Company Law, the Securities Law, the Listing Rules and the SSE Listing Rules and other laws and regulations and the requirements of the Articles of Association, which enhanced the internal control and standardised operation of the Company.

The supervisory committee was of the view that during the reporting period, the standardised operation of the Company was strictly in compliance with relevant laws and regulations such as the Listing Rules and the SSE Listing Rules and internal control systems such as the Articles of Association, while the directors and senior management of the Company performed their duties diligently and in compliance with the PRC laws and regulations, the Articles of Association and the system, and effectively safeguarded the interests of the Company and its shareholders. The work of the supervisory committee during the year is reported as follows:

(I) THE COMPOSITION AND CHANGES OF THE SUPERVISORY COMMITTEE

On 21 September 2020, due to position change of He Jinpei, a former staff representative supervisor, Shi Lei was elected as a new staff representative supervisor at the staff representatives' meeting; on 28 September 2020, Ji Li, the former chairman of the supervisory committee, resigned as chairman of the supervisory committee due to personal position change. On 3 February 2021, due to position change of Jiang Xiuyun, a former staff representative supervisor, Huang Zhuo was elected as a new staff representative supervisor at the staff representatives' meeting; after the above changes, the fifth session of the supervisory committee of the Company comprises six supervisors, namely Chen Tian, Long Yong, Wang Junyang, Huang Zhuo (staff representative supervisor), Shi Lei (staff representative supervisor) and Wang Lu (staff representative supervisor), with a vacancy of one supervisor. The term of office of this session of the supervisory committee will expire on 22 August 2021.



Report of the Supervisory Committee

(II) BASIC EVALUATION OF THE PERFORMANCE OF THE BOARD AND SENIOR MANAGEMENT IN 2020

The supervisory committee was of the view that the Board duly performed its operation in strict compliance with the requirements under the laws and regulations including the Company Law, the Articles of Association, the Listing Rules and the SSE Listing Rules etc. during the reporting period. During the reporting period, facing the double challenges of the COVID-19 pandemic and the industry's continuous downturn, the Company as a whole took various measures to tackle the difficulties, and promoted pandemic prevention and control and production resumption and capacity expansion in a coordinated way, and solidly proceeded with the smooth operation of the "six priorities" and implement the mission of the "six stabilising forces", thus achieved high-quality development.

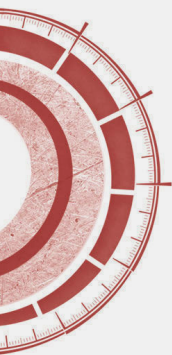
During the reporting period, the major business decision-making procedures of the Company were legitimate and effective. The directors and senior management of the Company duly performed their duties seriously, proactively and normatively as well as in accordance with the PRC laws, regulations, the Articles of Association and resolutions of the general meeting and of the Board. The supervisory committee had not found any acts of directors and senior management being in breach of laws and regulations and the Articles of Association or against the interests of the Company and the shareholders.

(III) MEETINGS OF SUPERVISORY COMMITTEE CONVENED

During the reporting period, the supervisory committee of the Company convened 9 supervisory meetings with the details as follows:

1. The 14th meeting of the 5th session of the supervisory committee was held on 31 March 2020, at which the following resolutions were considered and approved:
 - (1) Resolution in respect of the annual report and its summary of 2019;
 - (2) Resolution in respect of the supervisory committee report of 2019;
 - (3) Resolution in respect of the financial report of 2019;
 - (4) Resolution in respect of the profit distribution plan of 2019;
 - (5) Resolution in respect of the self-evaluation report on internal control of 2019;
 - (6) Resolution in respect of internal control audit report of 2019;

- (7) Resolution in respect of the report of deposit and the actual utilisation of proceeds from fund-raising activities;
 - (8) Resolution in respect of the appointment of auditors of 2020;
 - (9) Resolution in respect of the appointment of internal control auditors of 2020;
 - (10) Resolution in respect of utilisation of the remaining proceeds of certain proceed-funded investment projects raised from the non-public issuance of shares for permanent replenishment of working capital.
2. The 15th meeting of the 5th session of supervisory committee was held on 28 April 2020, at which the resolution in respect of the first quarterly report of 2020 was considered and approved.
 3. The 16th meeting of the 5th session of supervisory committee was held on 12 June 2020, at which the resolution in respect of the adjustment of the exercise price of the initial grant and reserved share option of the second share option incentive scheme was considered and approved.
 4. The 17th meeting of the 5th session of supervisory committee was held on 28 August 2020, at which the following resolutions were considered and approved:
 - (1) Resolution in respect of the interim report of 2020;
 - (2) Resolution in respect of the profit distribution plan for the interim period of 2020;
 - (3) Resolution in respect of the report of deposit and utilisation of proceeds from fund-raising activities for the first half of 2020.
 5. The 18th meeting of the 5th session of supervisory committee was held on 10 September 2020, at which the resolution in respect of the adjustment of the exercise price of the initial grant and reserved share option of the second share option incentive scheme was considered and approved.
 6. The 19th meeting of the 5th session of supervisory committee was held on 24 September 2020, at which the following resolutions were considered and approved:
 - (1) Resolution in respect of the 2020 A Share Option and Restricted Share Incentive Scheme (draft) and summary;



Report of the Supervisory Committee

- (2) Resolution in respect of the Appraisal Management Measures for Implementation of the 2020 A Share Option and Restricted Share Incentive Scheme.
7. The 20th meeting of the 5th session of supervisory committee was held on 29 October 2020, at which the resolution in respect of the third quarterly report of 2020 was considered and approved.
8. The 21st meeting of the 5th session of supervisory committee was held on 6 November 2020, at which the resolution in respect of the publication and review opinions on the list of grantees of the 2020 A Share Option and Restricted Share Incentive Scheme was considered and approved.
9. The 22nd meeting of the 5th session of supervisory committee was held on 4 December 2020, at which the following resolutions were considered and approved:
 - (1) Resolution in respect of the matters related to the grant under the “2020 A Share Option and Restricted Share Incentive Scheme”;
 - (2) Resolution in respect of the matters related to the cancellation of the second exercise period of the initial grant and the exercise of the first exercise period of reserved share option of the second share option incentive scheme.

(IV) INDEPENDENT OPINIONS OF THE SUPERVISORY COMMITTEE ON THE OPERATION OF THE COMPANY

1. OPERATION OF THE COMPANY IN ACCORDANCE WITH LAW

During the reporting period, the various work of the Board and senior management of the Company were in compliance with the relevant requirements of the Company Law, the Securities Law, the Listing Rules, the SSE Listing Rules, the Articles of Association, the Rules of Procedures of the Three Committees and the relevant provisions of various internal control systems etc., and the decision-making procedures were legitimate and effective. Directors and senior management of the Company performed in a diligent and responsible manner and the resolutions of the general meetings and the Board meetings were implemented faithfully. No acts were found to be in breach of laws and regulations, the Articles of Association and against the interests of the Company. Meanwhile, the Company has timely performed its disclosure obligations in strict compliance with the requirements of the Listing Rules and the SSE Listing Rules. During the reporting period, the supervisory committee has reviewed and given opinions in relation to the equity incentive scheme.

2. INTERNAL CONTROL AND RISK MANAGEMENT

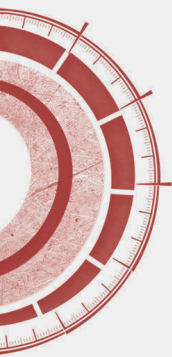
Pursuant to the requirements of the Basic Principles for Internal Control of Enterprise and supplemental guidelines, the Company consistently carried out its self-assessment on comprehensive risk management and internal control. During the reporting period, the Company continued to strengthen the implementation of internal control, enhance the supervision and inspection on internal control by the internal audit team, and make targeted internal control diagnosis and improvement in high-risk sectors and fields of business management. At the same time, the Company closely tracked key risk areas by conducting risk interviews, risk research and industry benchmarking, so as to improve the accuracy of risk assessment and formulate targeted risk management measures to enhance the level of prevention and response to different types of risks and challenges, and ensure the realisation of corporate objectives.

The supervisory committee has reviewed the “Evaluation Report on Internal Control of the Company for 2020” and the establishment and implementation of internal control policies of the Company, and approved the “Evaluation Report on Internal Control of the Company for 2020” as prepared by the Board.

3. FINANCIAL CONDITIONS OF THE COMPANY

The supervisory committee examined the financial conditions of the Company seriously and carefully and reviewed the 2019 annual financial report and the first quarterly report, interim report and the third quarterly report of 2020 during the reporting period, and considered the profit distribution plan implemented by the Company during the reporting period.

The supervisory committee considered that the financial reports of the Company gave a full, true and objective view of the operation results and financial conditions of the Company, persons participating in the preparation and examination of the annual report were not found to have acted in breach of the rules of confidentiality; the financial report with unqualified opinions issued by the auditing firm was objective and fair.



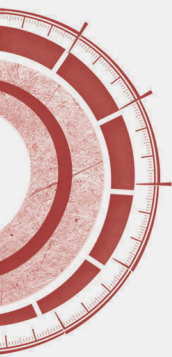
Report of the Supervisory Committee

4. RELATED-PARTY TRANSACTIONS

The supervisory committee reviewed and audited the report of related-party transactions of the year. The supervisory committee considered that the Company had strictly abided by the relevant provisions of the A shares and H shares listing rules and the Articles of Association. The supervisory committee also considered that the procedures of the transactions were legal and transaction prices were fair and reasonable and was not aware of any circumstances which were prejudicial to the interests of the Company and the small- and medium-sized and minority shareholders.

(V) WORKING PLAN

In 2021, the supervisory committee will continue to proactively perform its supervisory responsibilities under the laws, the listing rules of Hong Kong and China and the Articles of Association. On the basis of corporate governance and focusing on financial supervision and risk prevention, the supervisory committee will strengthen the follow-up of key projects and continue to pay attention to the Company's business development through regular and irregular special surveys on investee enterprises and other work measures, promote construction of the internal control and comprehensive risk system of the Company, and implement supervisory functions of the supervisory committee; strictly implement the "Rules of Procedures of the Supervisory Committee", organise and convene work meetings of the supervisory committee on a regular basis, attend the general meetings of shareholders, Board meetings and other important meetings of the Company according to law and be timely informed of and supervise the legality of the major decisions and decision-making procedures of the Company in order to safeguard the legitimate interests of shareholders, staff members and the Company, faithfully and diligently perform supervisory duties, strive to excel in every task, further promote the overall improvement of corporate governance of the Company, and facilitate the high-quality and sustainable development of the Company.



Corporate Governance

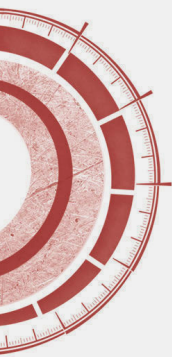
I. CORPORATE GOVERNANCE

The Group was in strict compliance with relevant corporate governance requirements under the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the SSE Listing Rules, the Listing Rules and the Corporate Governance Code (the “**Corporate Governance Code**”) set out in Appendix 14 to the Listing Rules. The Group has formulated a series of internal control management policies such as Inside Information Management System and has relatively comprehensive governance structure.

During the reporting period, in order to cope with the sustainable development needs of the Company, 62 rules and systems including the Articles of Association, the Rules of Procedures of the General Meeting, the Management Rules for Investee Enterprises (《投資企業管理制度》), the Management Measures for the Transaction of the Shares of the Company by Directors, Supervisors and Senior Management and its Changes (《董事、監事和高級管理人員等買賣本公司股票及其變動管理辦法》) and the Management System of Deployed Directors and Supervisors (《派出董事、監事管理制度》) were amended and at the same time, 29 systems including the Management Measures for Responsibility of Business Objectives (《經營目標責任管理辦法》), the Implementation Rules for the Operating Performance Appraisal Plan (《經營業績考核方案實施細則》) and the Measures for Comprehensive Risk Management (《全面風險管理辦法》) were formulated, in accordance with the regulatory requirements, which further enhanced the governance structure. During the reporting period, there was no deviation between the Company’s corporate

governance and the relevant requirements as specified in the Company Law, the regulations of the CSRC and the Listing Rules of the SSE and the Stock Exchange.

The Company’s structure of corporate governance comprises the general meeting, the Board and its special committees, the supervisory committee, the management and the employees, each of which plays an important role in the corporate governance of the Company. The specific information is described below:



Corporate Governance

(1) GENERAL MEETING

The general meeting is the authoritative body of the Company and has legal power to decide on significant matters of the Company. The Company carries out policies of open and honest communication and fair disclosures. The Company has ability to ensure all shareholders, especially minority shareholders enjoy equal status and rights. Pursuant to Article 69 of the Articles of Association, if shareholders individually and jointly holding not less than 10% of the Company's issued shares with voting rights request in writing to hold an extraordinary general meeting, an extraordinary general meeting shall be held within two months after receipt of such written request.

Pursuant to Article 71 of the Articles of Association, shareholders individually and jointly holding over 3% of the shares of the Company are entitled to propose extraordinary motions to the Company and submit them in writing to the convener ten days before the general meeting. The convener of the general meeting shall issue supplementary notice of the general meeting to announce the content of the extraordinary motions within two days after receiving the proposed motions. The Company formulates efficient channels of communication with shareholders. All shareholders have the right to be informed and to participate in significant events of the Company; shareholders may raise enquiries and express their view to the Board in writing at any time (Contact address: The office of the Board of GAC Group at Room 2202, GAC Center, No.

23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou (Postal code: 510623), Telephone: 020-83150319, Fax: 020-83150319, ir@gac.com.cn).

The Company has formulated the Rules of Procedures of the General Meeting, convened and held general meetings in strict compliance with regulatory requirements of listed companies so as to ensure that shareholders are able to fully exercise their rights. When the Company convenes an annual general meeting, written notice shall be given to all shareholders twenty business days prior to the convening of the meeting. When convening an extraordinary general meeting, written notice shall be given to all shareholders ten business days or fifteen days prior to the convening of the meeting, whichever is longer. The notice of general meeting containing an agenda, resolutions proposed and a voting form are announced in a timely manner and/or sent to all H shareholders whose shares are registered in the register of members by post in accordance with the requirements. All shareholders are encouraged to attend the general meetings. All registered shareholders on the record date are entitled to attend the general meeting. H shareholders who are unable to attend the general meeting can appoint their proxies or the chairman of the general meeting as their proxies to attend the general meeting on their behalves (the proxy form shall be completed and returned to the Company or the Company's H share registrar). All directors, supervisors and members of management of the Company are also

requested to try their best to attend the general meetings; results of resolutions or poll results of the general meeting shall be timely announced in such manner as required by the Listing Rules and the SSE Listing Rules. Lawyer attended each general meeting and issued legal opinion.

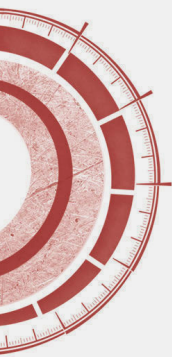
The controlling shareholders and ultimate controller of the Company conscientiously fulfilled their obligations in good faith. There was no act that interfered with the decisions and operations of the Company directly or indirectly, bypassing the general meeting, nor was there any damage to the interest of the Company and other shareholders. The related-party transactions of the Company were fair and reasonable, the pricing of which has been adequately disclosed and no conduct damaging interests of the Company was found.

During the reporting period, the Company convened 1 annual general meeting, 2 extraordinary general meetings and 1 shareholders' class meeting, the procedures of the meetings were in compliance with the requirements of the Company Law and its Articles of Association.

(2) DIRECTORS AND THE BOARD

1. Directors and Composition of the Board

Directors of the Company are elected or rotated at the general meeting. The fifth session of the Board consists of 11 directors, including 2 executive directors, namely Zeng Qinghong (Chairman) and Feng Xingya (General Manager), 5 non-executive directors, namely Chen Xiaomu, Chen Maoshan, Chen Jun, Ding Hongxiang and Han Ying; and 4 independent non-executive directors, namely Zhao Fuquan, Xiao Shengfang, Wong Hakkun and Song Tiebo. The members of the Board have different professional background and have extensive expertise and experience in different aspects. The composition of the Board is in compliance with the relevant laws and regulations and the requirements of the Articles of Association and the diversity requirements of Board members. The number of independent non-executive directors exceeds one-third of the total number of members of the Board of the Company, which has complied with the requirements of the regulatory rules.



Corporate Governance

All directors have attended the meetings with an earnest and responsible attitude. They are familiar with the relevant laws and regulations and understand their rights, responsibilities and obligations as a director. The directors believed that, the Company has sufficient resources to continue its business in the foreseeable future and there are no material uncertainties which may adversely affect the Company's ability to operate as a going concern.

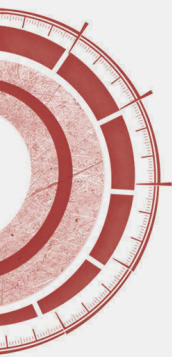
During the reporting period, the Company convened 24 Board meetings. The convening, holding and resolution procedures of the Board meetings have complied with the Company Law, the Articles of Association and the Rules of Procedures of the Board.

2. Powers of the Board

The Board is accountable to the general meeting and exercises the following powers:

- (1) To convene general meetings and report its work at the general meetings;
- (2) To implement the resolutions of the general meetings;
- (3) To decide on the business plans and investment plans of the Company;
- (4) To formulate the mid-term and long-term development plans of the Company;
- (5) To formulate annual financial budgets and financial accounts of the Company;
- (6) To formulate the profit distribution plans and plans on making up losses of the Company;
- (7) To formulate proposals for increase or reduction of the registered capital of the Company and issue and listing of bonds or other securities of the Company;
- (8) To formulate plans for major acquisitions, purchase of shares of the Company or plans for merger, division, dissolution or alteration of corporate form of the Company;

- (9) To determine external investments, purchases and sales of assets, pledge of assets, external guarantees, loans, entrusted asset management, disposal of assets and connected transactions of the Company, save for the matters that are required to be resolved at the general meeting pursuant to the law, regulations, the Articles of Association and other regulatory documents;
- (10) To determine the establishment of the Company's internal management structure and manpower deployment;
- (11) To appoint or remove the general manager and the secretary to the Board based on the nomination by the chairman of the Board; to appoint or remove the deputy general manager, chief financial officer and other senior management of the Company based on the nomination by the general manager and to determine their remunerations and rewards and penalties;
- (12) To formulate the basic management system of the Company;
- (13) To formulate proposals for amendment to the Articles of Association;
- (14) To formulate the information disclosure system of the Company and to manage information disclosure of the Company;
- (15) To propose the appointment or removal of the Company's auditors at the general meeting;
- (16) To receive the work report and inspect the work of the general manager of the Company;
- (17) To formulate share incentive schemes;
- (18) To review and resolve other matters required to be decided by the Board pursuant to the laws, administrative regulations, departmental rules, the requirements of the place where the Company's shares are listed and the Articles of Association.



Corporate Governance

The exercise of power by the Board on the aforesaid matters or any transactions or arrangements of the Company shall be proposed for consideration and approval at the general meeting should the listing rules of the place where the shares of the Company are listed so require.

3. Responsibilities of directors

The directors acknowledge their responsibility for the preparation of annual financial statements and true and fair presentation of the Company's business results and financial conditions. The Board, which is responsible for overseeing the preparation of annual financial statements, receives the Company's monthly management accounts in respect of operation and updates on the Group's performance, financial position and prospects. In preparing the financial statements for the year ended 31 December 2020, the Board adopted appropriate accounting policies consistently, made prudent and reasonable judgements and estimates, and ensured that the financial statements were prepared on a going concern basis and show a true and fair view of the financial position of the Company and of the Group as at 31 December 2020 and of the financial performance and cash flows for the year.

4. Corporate Governance Functions

The Board of the Company has adopted the terms of reference for directors to perform its corporate governance functions, which include the formulation and review of the Company's corporate governance policy and practices and submission of proposals to the Board; review and oversee the training and continuous professional development of the directors and senior management; review and oversee the Company's policy and practices on compliance with law and regulations; formulate, review and oversee the Code of Conduct and Compliance Manual for employees and directors, and review the Company's observance of the Corporate Governance Code and disclosures made in Chapter 9 – "Corporate Governance" of this report.

For the year 2020, the Board has performed the above corporate governance functions.

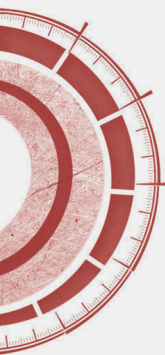
5. Professional Training

During the reporting period, the directors of the Company actively participated in the relevant trainings of corporate governance, directors' duties and operation management. The secretary to the Board and company secretary, Ms. Sui Li and joint company secretary, Mr. Leung Chong Shun have complied with the professional training requirement under Rule 3.29 of the Listing Rules. All directors have also provided their relevant training records during the reporting period. Details regarding the training of directors during the reporting period are as follows:

Directors	Zeng Qinghong	Feng Xingya	Zhao Fuquan	Xiao Shengfang	Wong Hakkun	Song Tiebo	Chen Xiaomu	Chen Maoshan	Chen Jun	Ding Hongxiang	Han Ying
Training participated	ABC	BC	BC	BC	ABC	BC	BC	BC	BC	BC	BC

Notes:

- A: Trainings on corporate governance of listed companies, directors' duties and the relevant trainings organised by stock exchange or securities regulatory authorities;
- B: Special training, seminars and conferences on aspects of economics, finance and corporate management;
- C: Reading materials related to corporate governance, directors' duties and regulations of internal risk management; and attending seminars, forums and conferences, etc.



Corporate Governance

All directors of the Company may timely access the relevant laws, regulations and other information relating to their continuing obligations through the secretary to the Board, the company secretary and the office of the Board. The Company ensures that all directors keep abreast of business development of the Company, the competitive and regulatory environment, as well as the development trend of the industry through provision of materials, conferences and seminars, which help directors understand their responsibilities and make right decisions and conduct effective supervision. The Company has adopted the Model Code as the code of conduct for securities transactions by directors. There is no financial, business, family or other material or related relationship existing among the directors.

After making specific enquiries with all directors, all directors have confirmed that they have fully complied with the rules as required by the Model Code throughout the year of 2020.

6. Independence of Directors

The Company's independent non-executive directors have knowledge of the rights and obligations of the directors and independent non-executive directors of listed companies. In accordance with Rule 3.13 of the Listing Rules, the Company has received the annual confirmation of independence from each of the independent non-executive directors. The Company considers that they are independent.

During the reporting period, the independent non-executive directors have discharged their duties with good faith, integrity and diligence according to the requirements of relevant laws and regulations. The independent non-executive directors participated in the discussion and decision-making of material issues of the Board and the special committees of the Board and gave their views on the compliance and operation of the Company based on their industry expertise and experience. They have duly reviewed and expressed their independent views on the equality and fairness of related party transactions. They have performed their duties independently and are independent from the controlling shareholders or other units and individuals who have interests in the Company.

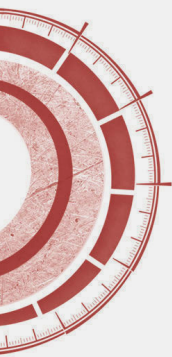
The Company has reported to the independent non-executive directors the production and operation situation of the Company and the progress of significant events, submitted the annual reports and audit work schedule in compliance with the relevant requirements of the CSRC and the SSE concerning annual reports. Independent non-executive directors have communicated with the Company's auditors in respect of the related issues of the audit process.

During the reporting period, the independent non-executive directors did not hold dissenting views regarding resolutions of the Board and other resolutions not considered by the Board.

7. **Special Committees of the Board**

The Board has set up Strategy Committee, Audit Committee, Remuneration and Assessment Committee and Nomination Committee. Compositions of each of the committees of the Board are as follows:

- (1) Strategy Committee comprises 6 directors, namely Zeng Qinghong, Feng Xingya, Zhao Fuquan, Song Tiebo, Chen Jun and Ding Hongxiang, among whom, Zhao Fuquan and Song Tiebo are independent non-executive directors and Zeng Qinghong is the chairman of the committee. The committee is mainly responsible for conducting research and making recommendations on the long-term development strategy and major investment decision of the Company. 1 meeting of the Strategy Committee was held during the year and all members attended the meeting, at which each committee member gave their opinions in respect of the matters considered.



Corporate Governance

(2) Audit Committee comprises 3 independent non-executive directors, namely Wong Hakkun, Xiao Shengfang and Song Tiebo, among whom Wong Hakkun is the chairman of the committee. Their primary duties are to supervise and review the annual audit work and internal audit system of the Company, the financial information and disclosure of the Company. During the year, 6 meetings of the Audit Committee were held and all members attended the meetings. The Audit Committee mainly reviewed the regular report and results, profit distribution and appointment of auditing institution and also timely reviewed the internal control system at the meetings.

(3) Remuneration and Assessment Committee comprises 3 directors, namely Xiao Shengfang, Song Tiebo and Ding Hongxiang, among whom, Xiao Shengfang and Song Tiebo are independent non-executive directors and Xiao Shengfang is the chairman of the committee. Their primary duties are to formulate the assessment criteria and appraise the directors and senior management of the Company, formulate and review the remuneration policies and proposals of directors and senior management of the Company. During the year, 3 meetings of the Remuneration and Assessment Committee were held in total and all members attended the meetings. The Remuneration and Assessment Committee reviewed the remuneration and appraisal proposal of senior management for the year 2019 and the appraisal plan relating to the share option incentive schemes of the Company, and recommendations were provided to the Board.

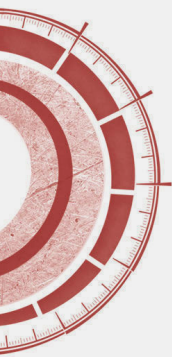
(4) Nomination Committee comprises 3 directors, namely Xiao Shengfang, Song Tiebo and Ding Hongxiang, among whom, Xiao Shengfang and Song Tiebo are independent non-executive directors and Xiao Shengfang is the chairman of the committee. Their duties are to make recommendations regarding the candidates of senior management, the selection standards and procedures as well as being responsible for reviewing the principle of diversified selection in nomination of directors, assisting and maintaining the diversified visions and various educational backgrounds and professional knowledge. During the year, 1 meeting of the Nomination Committee was held in total and all members attended the meeting, at which the matters with respect to the appointment and dismissal of senior management were considered and reviewed and recommendations were provided.

8. Board Diversity Policy

According to the Board diversity policy of the Company (the “**Diversity Policy**”), when determining the composition of the Board, the Company will consider board diversity in terms of, among other things, age, gender, educational background, ethnicity, professional experience, skills, knowledge and term of service. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The Nomination Committee of the Company will disclose the composition of the Board annually in the annual report and monitor the implementation of the Diversity Policy. The Nomination Committee will review the Diversity Policy, when appropriate, to ensure the effectiveness of the Diversity Policy, and will recommend any such revisions to the Board for consideration and approval.

9. Nomination policy

According to the nomination policy (the “**Nomination Policy**”) of the Company, in evaluating and selecting candidates for directorship, the Nomination Committee shall:

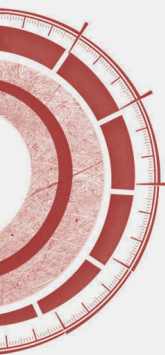


Corporate Governance

- (1) review the structure and composition (including the skills, knowledge and experience) of the Board, with reference to the operations, assets scale and shareholding structure of the Company, annually and make recommendations to the Board on any proposed changes concerning the directors in line with the implementation of the Company's strategy;
- (2) study the selection criteria and procedures of the directors and senior management and to make recommendations to the Board;
- (3) search extensively for the qualified candidates of the directors and senior management;
- (4) review and make recommendations to the Board on the candidates of the directors and senior management;
- (5) review and make recommendations on the other senior management who would be submitted to the Board for appointment;
- (6) assess the independence of independent non-executive directors;
- (7) give due regard to the benefits of diversity on the Board against objective criteria with reference to the Diversity Policy when performing the duties set out above;
- (8) review the Diversity Policy where appropriate, review the measurable objectives and the progress of attainment under the Diversity Policy, and to disclose its review in the annual report each year to ensure effective implementation;
- (9) recommend to the Board on the appointment or re-appointment of directors and the succession plan for directors, in particular the chairman and the general manager; and
- (10) other matters conferred by the Board.

The selection procedures of the directors and senior management are as follows:

- (1) the Nomination Committee shall actively communicate with the relevant departments of the Company to study the demand of the Company for new directors and senior management and to produce the result in writing;
- (2) the Nomination Committee may extensively look for candidates of the directors and senior management within the Company and its controlling (investee) enterprises as well as in the labour market;
- (3) to obtain information about the occupation, education background, job title, detailed information in relation to the work experience and all the part-time positions of the preliminary proposed candidates and to produce the result in writing;
- (4) to seek the nominees' approval on the nomination, otherwise he/she shall not be nominated as the candidates of the directors and senior management;
- (5) to convene meetings of the Nomination Committee and to review the qualification of the preliminary proposed candidates according to the job criteria of the directors and senior management;
- (6) to recommend and to provide materials about the candidates of the directors and senior management to the Board one to two months prior to the election of new directors and the appointment of new senior management; and
- (7) to conduct other follow-up work according to the decisions and feedbacks of the Board.



Corporate Governance

(3) SUPERVISORS AND SUPERVISORY COMMITTEE

The supervisory committee strictly performed its supervisory function in accordance with the requirements of relevant laws and regulations and the Articles of Association.

At present, the supervisory committee comprises 6 supervisors, namely Chen Tian, Long Yong, Wang Junyang, Shi Lei, Wang Lu and Huang Zhuo, among whom Shi Lei, Wang Lu and Huang Zhuo are staff representative supervisors.

Constitution of such committee was in compliance with requirements of laws and regulations and the Articles of Association.

During the reporting period, the supervisory committee convened 9 meetings, the convening, holding and procedures of which are in compliance with relevant requirements under the Articles of Association and the Rules of Procedures of the Supervisory Committee. All supervisors attended the meetings of the supervisory committee held this year and performed their duties conscientiously.

(4) THE MANAGEMENT

The appointment, dismissal of and rewards and punishment for the senior management of the Company were in strict compliance with the provisions of relevant laws, regulations and Articles of Association. The Company has clearly defined the roles and division of work between the Board and the management as well as the respective responsibilities of the chairman of the Board and the general manager in its Articles of Association, ensuring the independence of the Board in decision-making and the independence of the management in managing the daily operations. The management of the Company mainly exercise the following daily operation rights under the authorisation of the Board:

- (1) to be responsible for the Company's production, operation and management, to organise resources to carry out the Board's resolutions, and to report to the Board;
- (2) to organise the implementation of the Company's annual business plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to formulate the Company's basic management system;

- (5) to formulate the specific rules and regulations of the Company;
- (6) to propose the appointment or dismissal of the Company's deputy general manager(s) and chief financial officer;
- (7) to decide on the appointment or dismissal of management personnel and staff other than those required to be appointed or dismissed by the Board;
- (8) to propose the convening of extraordinary board meeting; and
- (9) to exercise other powers conferred by the Articles of Association or the Board.

Pursuant to code provision B.1.5 of the Corporate Governance Code, the remuneration of the members of the senior management by band for the year 2020 is set out below:

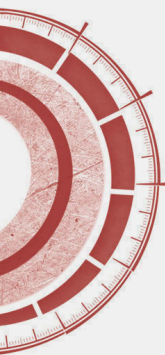
Remuneration bands (RMB)	Number of persons
1 to 1,000,000	0
1,000,001 to 2,000,000	4
2,000,001 to 3,000,000	4
Total	8

(5) COMPANY SECRETARY

During the reporting period, the company secretaries of the Company are Ms. Sui Li, senior management of the Company, and Mr. Leung Chong Shun, a practicing solicitor in Hong Kong and external service provider. The primary contact person of the Company is Ms. Sui Li of the office of secretary to the Board. The company secretaries have received relevant professional training which fulfilled the requirements of Rule 3.29 of the Listing Rules.

(6) APPOINTMENT AND REMUNERATION OF EXTERNAL AUDITOR

The external auditor appointed by the Company is PricewaterhouseCoopers. The auditor's remuneration is disclosed in the paragraph titled "Appointment or Dismissal of Accountants" under Chapter 4 – "Significant Events" of this report.



Corporate Governance

(7) INVESTOR RELATIONS

The Company attaches importance to the effective communication with shareholders and investors. It actively promoted investor relations and communication through conferences, press conferences, briefings and inspection of the Company.

(8) AMENDMENTS TO THE ARTICLES OF ASSOCIATION

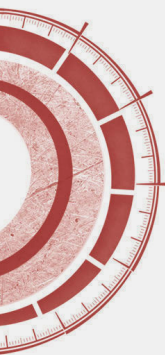
Based on the Company Law, Securities Law of the PRC, “Mandatory Provisions for Articles of Association of Companies to be Listed Overseas” (《到境外上市公司章程必備條款》), “Reply of the State Council on Adjustment of the Provisions Applicable to the Notice Period for the Holding of Shareholders’ General Meeting for Overseas Listed Companies” (《國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆》) issued by the State Council of the PRC, the Listing Rules and the actual situation of the Company, the Company made certain amendments to the Articles of Association. Such amendments were approved at the 2019 annual general meeting of the Company held on 29 May 2020 by way of a special resolution, details of which are set out in the circular of the Company dated 9 April 2020.

Based on the “Guiding Opinions on the Pilot Work of Professional Managers in Municipal-managed Enterprises” (Sui Guo Zi Dang [2019] No. 111) (《關於在市管企業開展職業經理人試點工作的指導意見》(穗國資黨[2019]111號), “Notice of the State-owned Assets Supervision and Administration Commission of Guangzhou Municipal People’s Government in Commencing Compliance Management System to Construct Pilot Work in Supervised Enterprises” (《廣州市國資委關於在監管企業開展合規管理體系建設試點工作的通知》), “Pilot Work Plan for Commencing Compliance Management System of the Guangzhou Automobile Group Company Limited” (《廣州汽車集團股份有限公司關於開展合規管理體系建設的試點工作方案》) and the actual situation of the Company, the Company made certain amendments to the Articles of Association. Such amendments were approved at the 2020 second extraordinary general meeting of the Company held on 13 November 2020 by way of a special resolution, details of which are set out in the circular of the Company dated 22 October 2020.

II. GENERAL MEETINGS

Session of the meeting	Date	Enquiry index of the designated website for the publication of the resolutions	Date of disclosure of the publication of the resolutions
2020 first extraordinary general meeting	20 March 2020	Websites of SSE and the Stock Exchange	20 March 2020
2019 annual general meeting	29 May 2020	Websites of SSE and the Stock Exchange	29 May 2020
2020 second extraordinary general meeting and 2020 first class meetings for holders of A shares and holders of H shares	13 November 2020	Websites of SSE and the Stock Exchange	13 November 2020

Convening of the general meetings of the Company were in strict compliance with the requirements of the Articles of Association and the Rules of Procedures of the General Meeting. The proposal and voting procedures were in compliance with the relevant requirements of laws and regulations. General meetings held during this reporting period were all witnessed by lawyers who issued legal opinions. The Company disclosed the general meeting's resolutions in a timely, complete and accurate manner after the general meeting.



Corporate Governance

III. DIRECTORS' PERFORMANCE OF THEIR DUTIES

(1) DIRECTORS' ATTENDANCE IN BOARD MEETINGS AND GENERAL MEETINGS

Name of directors	Independent non-executive director or not	Mandatory attendance in Board meetings during the year	Board meeting(s)				Absent in person for two consecutive times or not	General meeting(s) Attendance in general meetings
			Attendance in person	Attendance by telecommunication	Attendance by proxy	Absence		
Zeng Qinghong	No	24	24	20	0	No	3	
Feng Xingya	No	24	24	20	0	No	3	
Zhao Fuquan (appointed on 29 May 2020)	Yes	14	14	12	0	No	1	
Xiao Shengfang (appointed on 29 May 2020)	Yes	14	14	11	0	No	1	
Wong Hakkun (appointed on 29 May 2020)	Yes	14	14	14	0	No	1	
Song Tiebo (appointed on 29 May 2020)	Yes	14	14	12	0	No	2	
Fu Yuwu (resigned on 29 May 2020)	Yes	10	10	10	0	No	2	
Lan Hailin (resigned on 29 May 2020)	Yes	10	10	10	0	No	2	
Leung Lincheong (resigned on 29 May 2020)	Yes	10	10	10	0	No	2	
Wang Susheng (resigned on 29 May 2020)	Yes	10	10	10	0	No	2	
Yan Zhuangli (resigned on 15 January 2020)	No	1	1	1	0	-	-	
Chen Xiaomu (appointed on 20 March 2020)	No	19	19	16	0	No	3	
Chen Maoshan	No	24	24	20	0	No	3	
Chen Jun	No	24	24	20	0	No	2	
Ding Hongxiang	No	24	24	20	0	No	2	
Han Ying	No	24	24	20	0	No	0	

Explanation on absence in person in Board meetings for two consecutive times

Applicable N/A

Number of Board meetings held during the year	24
Of which: Number of physical meetings	4
Number of meetings held via communication	20
Number of meetings held by way of combination of both	4

(2) INDEPENDENT NON-EXECUTIVE DIRECTORS' OBJECTIONS TO RELEVANT MATTERS OF THE COMPANY

Applicable N/A

IV. MAJOR COMMENTS AND SUGGESTIONS PROPOSED BY SPECIAL COMMITTEES OF THE BOARD WHEN PERFORMING THEIR DUTIES DURING THE REPORTING PERIOD AND DETAILS OF ANY DISAGREEMENTS

Applicable N/A

V. EXPLANATION ON RISKS OF THE COMPANY DETECTED BY THE SUPERVISORY COMMITTEE

Applicable N/A

VI. STATEMENTS OF THE COMPANY ON INABILITY TO MAINTAIN THE INDEPENDENCE OR THE ABILITY OF INDEPENDENT OPERATIONS BETWEEN THE COMPANY AND THE CONTROLLING SHAREHOLDERS WITH RESPECT TO BUSINESS, PERSONNEL, ASSETS, ORGANISATION AND FINANCE

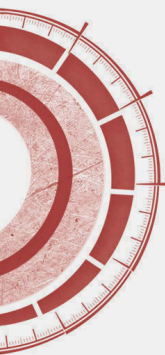
Applicable N/A

VII. APPRAISAL MECHANISM FOR SENIOR MANAGEMENT AND THE ESTABLISHMENT AND IMPLEMENTATION OF INCENTIVE MECHANISM DURING THE REPORTING PERIOD

According to the Remuneration and Performance Management Scheme for Senior Management, the Company set up appraisal mechanism and medium and long-term incentive mechanism. During the reporting period, according to the progress of implementation of annual performance contract signed with senior management, the Remuneration and Assessment Committee of the Board performed annual remuneration appraisal for the senior management, and the resolution in respect of the appraisal results was considered and approved by the Board.

VIII. SELF-EVALUATION REPORT ON INTERNAL CONTROL

The Board has conducted a review of the effectiveness of the internal control system of the Company and its subsidiaries during the reporting period. The said review covers all material aspects of control, including financial, operational and compliance controls. No material defects and important defects in internal control have been identified in 2020. The Board considers such systems effective and sufficient.



Corporate Governance

For full text of the self-evaluation report on internal control, please refer to the relevant announcement disclosed on the website of SSE (www.sse.com.cn) on 25 March 2021.

IX. AUDIT REPORT ON INTERNAL CONTROL AND

The Company engaged BDO China Shu Lun Pan Certified Public Accountants LLP for independent audit of effectiveness of its internal control in 2020, which issued an opinion that “the internal control over financial report of the Company was in compliance with the Basic Principles for Internal Control of Enterprises and relevant requirements and was effective in all significant aspects as at 31 December 2020” (for full text of the audit report, please refer to the announcement disclosed on the website of the SSE (www.sse.com.cn) on 25 March 2021).

X. DIVIDEND POLICY

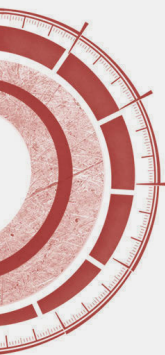
Since 2012, the Company has started to formulate dividend distribution plans for shareholders, which have been strictly implemented until now. To further improve the scientific, continuous and stable dividend distribution decisions and supervisory mechanism of the Company for higher transparency and practicability of profit distribution decisions, and to give guidance to investors to establish a concept of long-term and rational investment, pursuant to the “Regulatory Guidelines for Listed Companies No. 3 – Cash Dividends Distribution of Listed Companies” issued by the CSRC ([2013] No. 43) (中國證監會公告 ([2013]43號)《上市公司監管指引第3號—上市公司現金分紅》), the “Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies” issued by the CSRC (Zheng Jian Fa [2012] No. 37) (中國證監會《關於進一步落實上市公司現金分紅有關事項的通知》(證監發[2012]37號)) and the requirements of the Company’s dividend distribution policy set out in the Articles of Association, the Board has formulated the “Dividend Distribution Plan for Shareholders of Guangzhou Automobile Group Co., Ltd. (2018-2020)” (the “Distribution Plan”), specific details of which are as follows:

1. FACTORS CONSIDERED BY THE COMPANY IN FORMULATING THE DISTRIBUTION PLAN

The Company focuses on long term and sustainable development. After considering factors such as the profitability, operation planning, returns for shareholders, capital requirement for investment in future projects, social capital costs and financing environment, a continuous, stable and scientific distribution plan and mechanism for the investors are to be established, so that a systematic arrangement can be made for profit distribution in order to ensure continuity and stability of the profit distribution policy.

2. THE PRINCIPLE OF THE DISTRIBUTION PLAN FORMULATION

The formulation of the Distribution Plan shall conform with the relevant national laws and regulations and the relevant provisions relating to profit distribution in the Articles of Association. The Company shall focus on stable and reasonable returns to the investors while at the same time fully consider the actual operation and sustainable development of the Company. On the basis of giving full consideration to the interests of shareholders and managing the relationship between short-term interests and long-term development of the Company, the Company shall determine a reasonable profit distribution proposal, and pursuant to which, formulate a plan to implement the profit distribution policy in a certain period to ensure continuity and stability of the profit distribution policy.



Corporate Governance

3. THE FREQUENCY OF THE DISTRIBUTION PLAN FORMULATION AND RELEVANT DECISION MAKING MECHANISM

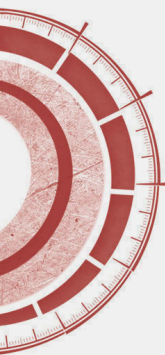
The Board shall formulate the Distribution Plan in accordance with the profit distribution policy stipulated in the Articles of Association. In the event that the Company needs to adjust the profit distribution policy due to the significant changes in the external operating environment and its internal operating conditions, the protection of the interest of shareholders (especially the public shareholders) shall be of the first priority and detailed argumentation and reasons shall be given. Further, detailed explanation regarding the adjustments of the dividend distribution policy shall be given in the regular report of the Company with stringent implementation of the decision making procedures. The Board shall ensure that the Distribution Plan will be reviewed every three years in order to ensure the content of the Distribution Plan conforms with the profit distribution policy as stipulated in the Articles of Association.

4. THE DISTRIBUTION PLAN TO SHAREHOLDERS OF THE COMPANY FROM 2018 TO 2020

- (a) The Company may distribute profits by cash, shares, and combination of cash and shares.
- (b) The Company shall give priority to profit distribution by way of cash, i.e. profit distribution shall be made in the form of cash dividends if the cash dividend conditions subsist.
- (c) According to the laws and regulations in the Company Law and the provisions in the Articles of Association, provided that the profit and cash of the Company are able to fulfill the needs for continuous operation and long term development of the Company, the profit distributed in cash in each of the years between 2018 to 2020 shall be no less than 10% of the distributable profit realised in such year, whereas the cumulative profit distributed in cash for the three consecutive years shall be no less than 30% of the average distributable profits realised in such three years.

- (d) In principle, cash dividend shall be distributed by the Company annually from 2018 to 2020. The Board may propose to distribute interim cash dividend based on the profitability and the capital requirements of the Company.

- (e) From 2018 to 2020, depending on the cumulative distributable profits, reserves and the condition of cash flow, the Company may distribute profits by way of shares to match share capital expansion with business growth provided that the minimum cash dividend payout ratio and a reasonable scale of share capital of the Company are maintained.



Corporate Bonds

I. BASIC INFORMATION OF CORPORATE BONDS

Unit: Yuan Currency: RMB

Name of bond	Abbreviation	Code	Date of Issue	Due date	Balances	Interest Rate (%)	Method of Repayment of Principal and Interest	Trading Place
Corporate Bonds (Phase one) of Guangzhou Automobile Group Co., Ltd. in 2012 (10 years)	12GAC02	122243	2013-03-20	2023-03-20	3,000,000,000	5.09	Simple interest per annum	SSE

INTEREST PAYMENT OF CORPORATE BONDS

During the reporting period, the interest on “12GAC02” was timely paid in accordance with the terms set out in the prospectus. The coupon rate is 5.09%, one board lot of “12GAC02” with par value of RMB1,000 was entitled to interest of RMB50.90 (tax inclusive).

OTHER INFORMATION OF CORPORATE BONDS

Applicable N/A

II. CONTACT PERSON OF CUSTODIAN OF THE CORPORATE BONDS AND ITS CONTACT METHODS AND THE CONTACT METHODS OF THE CREDIT RATING AGENCY

Bond Custodian	Name	China International Capital Corporation Limited
	Office Address	27th Floor and 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing
	Contact Person	Chang Daming, Wang Chao
	Contact Number	010-65051166

Credit Rating Agency	Name	United Credit Ratings Co., Ltd.
	Office Address	12th Floor, PICC Office Tower, 2 Jianguomenwai Avenue, Beijing

III. USE OF FUNDS RAISED FROM THE CORPORATE BONDS

The proceeds were fully utilised as supplementary liquidity of the Company in accordance with the use of proceeds as set out in the prospectus.

IV. INFORMATION OF THE CREDIT RATING OF THE CORPORATE BONDS

On 14 May 2020, United Credit Ratings Co., Ltd. conducted follow-up credit rating for the 2012 corporate bonds issued by the Company in 2013, which maintained the AAA long-term credit rating of the Company (as issuer) with stable outlook rating, and maintained the AAA credit rating of “12GAC02”.

V. CORPORATE BONDS CREDIT ENHANCEMENT MECHANISM, DEBT REPAYMENT PLAN AND OTHERS DURING THE REPORTING PERIOD

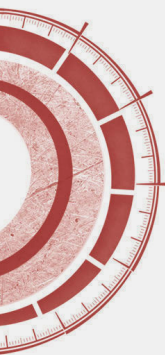
During the reporting period, there was no change in the credit enhancement mechanism of corporate bonds. Guangzhou Automobile Industry Group Co., Ltd. provided guarantee for the 2012 corporate bonds issued by the Company in 2013. Status of the guarantor as at the end of the reporting period was as follows:

Unit: Yuan Currency: RMB

Key indicators	At the end of the reporting period (Unaudited)	Year-on-year increase or decrease (%)
Net assets	48,640,031,463.79	7.84
Gearing ratio	39.56%	-1.10
Return on net assets	8.22%	-0.45
Current ratio	1.36	0
Quick ratio	1.21	0
Cumulative balance of external guarantees	3,000,000,000	-40
Proportion of cumulative balance of external guarantees to net assets	6.17%	-4.92

DEBT REPAYMENT PLANS AND DEBT REPAYMENT PROTECTIVE MEASURES:

During the reporting period, there had been no change in the debt repayment plans and debt repayment protective measures. The Company has paid interest and repaid principal to bondholders in strict compliance with principal and interest repayment arrangements prescribed in the prospectus.



Corporate Bonds

VI. MEETINGS OF HOLDERS OF CORPORATE BONDS

Applicable N/A

VII. PERFORMANCE OF DUTIES OF THE CUSTODIAN OF THE CORPORATE BONDS

During the term of the corporate bonds, the bonds trustee manager conscientiously complied with the agreement in the Bonds Trustee Management Agreement (《債券受託管理協議》) and conducted a continuous follow-up on the Company's rating, management and use of proceeds raised from the bonds, and condition of capital repayment with interest of the Company. The bonds trustee manager also supervised the performance of the obligations set out in the prospectus by the Company and vigorously fulfilled its duty as a bonds trustee manager, and further protected legal rights of the bondholders.

VIII. THE COMPANY'S ASSETS AS AT END OF REPORTING PERIOD

For details, please refer to the Independent Auditor's Report of this report.

IX. INTEREST PAYMENT OF OTHER BONDS AND DEBT FINANCING INSTRUMENTS OF THE COMPANY

Applicable N/A

X. BANK CREDIT WITHIN THE REPORTING PERIOD

During the reporting period, the total amount of bank credit granted to the Company was RMB35.7 billion.

XI. FULFILLMENT OF COMMITMENT IN THE COMPANY'S PROSPECTUS IN RESPECT OF THE BONDS DURING THE REPORTING PERIOD

During the reporting period, the Company strictly complied with and fulfilled the relevant commitments and undertakings in the prospectus and there was no adverse effect on the bondholders.

XII. IMPACT OF MAJOR EVENTS TO OPERATING STATUS AND SOLVENCY OF THE COMPANY

During the reporting period, there was no major event which may affect the solvency or bond price of the Company.



Independent Auditor's Report



羅兵咸永道

To the shareholders of Guangzhou Automobile Group Co., Ltd.

(incorporated in the People's Republic of China with limited liability)

Opinion

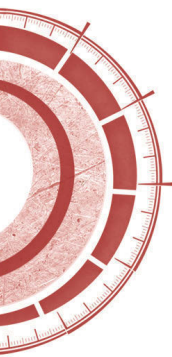
What we have audited

The consolidated financial statements of Guangzhou Automobile Group Co., Ltd. (the "Company") and its subsidiaries (the "Group") set out on pages 184 to 336, which comprise:

- the consolidated balance sheet as at 31 December 2020;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

Our opinion

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.



Independent Auditor's Report

Basis for Opinion

We conducted our audit in accordance with Hong Kong Standards on Auditing (“HKSA”) issued by the HKICPA. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group in accordance with the HKICPA’s Code of Ethics for Professional Accountants (“the Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters identified in our audit are summarised as follows:

- Warranty provisions
- Impairment assessment of capitalised development costs
- Impairment assessment on the goodwill included in investment in a joint venture

Key Audit Matter**How our audit addressed the Key Audit Matter****Warranty provisions**

Refer to Note 4 (Critical accounting estimates and judgements) and Note 27 (Provisions) to the consolidated financial statements.

As at 31 December 2020, the warranty provisions of the Group amounted to approximately RMB857,981,000 (Note 27).

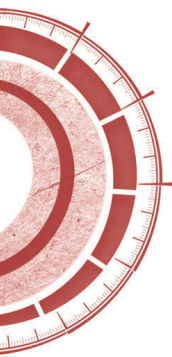
The Group mainly produced and sold passenger vehicles through its joint ventures GAC Honda Automobile Co., Ltd. ("GAC Honda"), GAC Toyota Motor Co., Ltd. ("GAC Toyota"), GAC Mitsubishi Motors Co., Ltd. ("GAC Mitsubishi") and GAC Fiat Chrysler Automobiles Co., Ltd. ("GAC FCA") (collectively "Major Joint Ventures") and its subsidiary, GAC Motor Co., Ltd. ("GAC Motor").

The Group's joint ventures were accounted for using equity method. The warranty provisions relating to the Major Joint Ventures were considered significant to the Company's consolidated financial statements.

We have met management of the Company, the Major Joint Ventures and GAC Motor and have discussed with them and evaluated the impact on the Group's financial statements of warranty provisions relating to Major Joint Ventures and GAC Motor.

(a) Procedures performed on warranty provisions of GAC Honda, GAC Toyota, GAC Mitsubishi and GAC Motor, included:

- We understood and evaluated management's process and controls over recording provisions for product warranties and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.
- We evaluated management's warranty provision model and tested the calculations therein. This included evaluating the key assumptions through reviewing the legal and contractual terms, comparing the assumptions to the historical data, analysing the expected unit cost of repair and returns of each vehicle type at each year of the warranty period, testing sales volume of each vehicle type to the supporting documents and recalculating the warranty provisions.



Independent Auditor's Report

Key Audit Matter

How our audit addressed the Key Audit Matter

Warranty provisions (continued)

Provisions for warranties granted by the Group's Major Joint Ventures and GAC Motor for the passenger vehicles sold are recognised based on sales volume and past experience of the level of repair and returns, discounted to their present values as appropriate.

We focused on auditing the warranty provisions because the estimation of costs in respect of future warranty claims is subject to high degree of estimation uncertainty. The inherent risk in relation to warranty provisions is considered significant due to subjectivity of significant assumptions used in determining the costs.

- In respect of the provisions for warranties previously recorded and subsequently settled during the year, we compared the provision amount with the settlement amount and investigated, if significant variance existed, the reasonableness of the reassessment of the adequacy of the provisions for warranties previously made by the management. We discussed with management the existence of any indicators of significant product defect occurred during the year and subsequent to the year end that would significantly affect the estimates of the year-end warranty provisions.
- We also considered whether the judgements made in selecting the significant assumptions would give rise to indicators of possible management bias.

(b) GAC FCA is a significant joint venture of the Group and is audited by a non-PricewaterhouseCoopers auditor ("Component Auditor"). Procedures performed on warranty provisions of GAC FCA included:

- We have discussed with Component Auditor, and evaluated adequacy of their audit approach and work in relation to warranty provisions.
- We have obtained and evaluated Component Auditor's reporting to us in accordance with our instructions.

We found that management judgements and estimates associated with GAC Motor's warranty provisions were supported by available evidence.

We found that, in the context of our audit of consolidated financial statements of the Company, Major Joint Ventures' management judgements and estimates associated with their respective warranty provisions in respect of the Group's share of the profit and net assets of Major Joint Ventures were supported by available evidence.

Key Audit Matter**How our audit addressed the Key Audit Matter****Impairment assessment of capitalised development costs**

Refer to Note 4 (Critical accounting estimates and judgements) and Note 10 (Intangible assets) to the consolidated financial statements.

As at 31 December 2020, the carrying amount of the Group's capitalised development costs, after considering the impairment provision, which arose from development expenditure on the Group's various types of self-developed passenger vehicle projects and were classified as intangible assets on the consolidated balance sheet, amounted to approximately RMB11,101,294,000. An impairment charge of approximately RMB662,164,000 has been recognised for capitalised development costs of certain types of passenger vehicles in the consolidated statement of comprehensive income for the year ended 31 December 2020.

Capitalised development costs not yet in use are tested for impairment annually. Capitalised development costs in use are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Management has assessed the recoverable amount of capitalised development costs for each type of passenger vehicles to be their value in use in order to determine the impairment charge, if any.

We focused on auditing the impairment assessment of capitalised development costs because management's assessment of impairment involved complex and subjective judgements and assumptions, such as future cash flow projections using revenue, gross margin, long-term growth rate of revenue and discount rate. The estimation of the recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the impairment assessment of capitalised development costs is considered significant due to subjectivity of significant assumptions used by management and significant judgements involved in selecting data.

We understood and evaluated management's process and controls to identify the impairment indicators for capitalised development costs in use and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.

The recoverable amount of the capitalised development costs subject to impairment testing was determined based on value in use, which was the present value of the future cash flows expected to be derived, and we performed the following procedures:

We obtained and understood management's calculations of value in use and assessed the methodology applied.

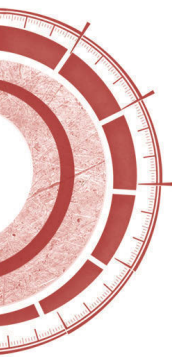
We tested the consistency and assessed the reasonableness of the data used and management's key assumptions adopted in the future cash flow projections, mainly in relation to:

- the budgeted sales and gross margin, by comparing them with actual performance and historical financial data, if any. For the budgeted sales, we also compared to the Group's strategic plan, and future market growth as forecasted and sourced from independent parties;
- the long-term growth rate of revenue, by comparing it with the relevant economic and industry forecasts, including certain forecasts sourced from independent parties; and
- discount rate, by comparing it with the cost of capital of comparable companies.

We performed sensitivity analysis on the key assumptions of the cash flow forecasts by considering the likelihood of such a movement in those key assumptions arising.

We also considered whether the judgements made in selecting the significant assumptions and data would give rise to indicators of possible management bias.

We found key assumptions made by the management in relation to the value in use calculations to be reasonable based on the available evidence.



Independent Auditor's Report

Key Audit Matter

Impairment assessment on the goodwill included in investment in a joint venture (the "Goodwill Impairment Assessment")

Refer to Note 4 (Critical accounting estimates and judgements) and Note 11 (Investments in joint ventures and associates) to the consolidated financial statements.

As at 31 December 2020, the Group has goodwill of approximately RMB2,895,293,000 in relation to its investment in a joint venture, GAC Mitsubishi.

Management assessed the recoverable amount of the investment in GAC Mitsubishi with the assistance of an independent external valuer (the "External Valuer") and concluded that there was no impairment in respect of the goodwill included in the investment in GAC Mitsubishi. This conclusion was based on fair value less cost of disposal model, applying discounted cash flow method, which involved significant management judgements with respect to the discount rate and the underlying cash flows, in particular future revenue growth.

We focused on auditing the Goodwill Impairment Assessment because the estimation of recoverable amount is subject to high degree of estimation uncertainty. The inherent risk in relation to the Goodwill Impairment Assessment is considered significant due to subjectivity of significant assumptions used by management and significant judgements involved in selecting data.

How our audit addressed the Key Audit Matter

We assessed the competency, capabilities and objectivity of the External Valuer.

We obtained an understanding of the management's internal controls and assessment process of the Goodwill Impairment Assessment and assessed the inherent risk of material misstatement by considering the degree of estimation uncertainty and other inherent risk factors.

We evaluated the outcome of prior period assessment of the Goodwill Impairment Assessment to assess the effectiveness of management's estimation process.

We evaluated and tested the key controls over the Goodwill Impairment Assessment.

We obtained and understood the Goodwill Impairment Assessment to assess whether or not the recoverable amount of the investment in GAC Mitsubishi was below its carrying value.

We assessed the methodology applied and the appropriateness of the key assumptions used in the management's cash flow forecast, including comparing the revenue growth rates with historical results and published industrial forecasts issued by recognised third party industry analysts.

We assessed the discount rate by evaluating the cost of capital for the investment in GAC Mitsubishi and selected comparable companies with the involvement of our internal valuation specialists.

We performed sensitivity analysis on the key assumptions of the cash flow forecasts by considering the likelihood of such a movement in those key assumptions arising.

We also considered whether the judgements made in selecting the significant assumptions and data would give rise to indicators of possible management bias.

We found the key assumptions made by the management in relation to the fair value less cost of disposal calculations to be reasonable based on the available evidence.

Other Information

The directors of the Company are responsible for the other information. The other information comprises all of the information included in the annual report other than the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

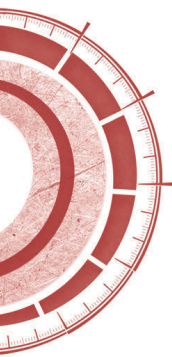
If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Directors and Audit Committee for the Consolidated Financial Statements

The directors of the Company are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with HKFRSs issued by the HKICPA and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Audit Committee is responsible for overseeing the Group's financial reporting process.



Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. We report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with HKSA's will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSA's, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

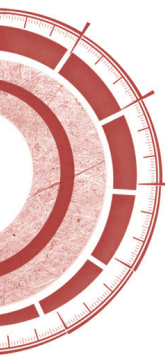
From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Pang, Ho Yin.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 25 March 2021



CONSOLIDATED BALANCE SHEET

		As at 31 December	
		2020	2019
		RMB'000	RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	7	20,073,210	19,395,807
Right-of-use assets	8	6,909,008	6,846,371
Investment properties	9	1,387,545	1,334,487
Intangible assets	10	12,258,613	10,809,744
Investments in joint ventures and associates	11	33,403,563	32,004,786
Deferred income tax assets	13	2,123,604	1,705,313
Financial assets at fair value through other comprehensive income	14	630,703	1,224,218
Financial assets at fair value through profit or loss	15	4,375,256	3,137,472
Prepayments and other long-term receivables	16	5,056,277	4,140,853
		86,217,779	80,599,051
Current assets			
Inventories	17	6,621,580	6,927,830
Trade and other receivables	18	19,615,555	16,843,950
Financial assets at fair value through other comprehensive income	14	310,690	6,948
Financial assets at fair value through profit or loss	15	1,595,011	842,845
Time deposits	19	10,624,362	6,959,924
Restricted cash	20	2,084,314	1,678,017
Cash and cash equivalents	21	15,791,397	23,604,986
		56,642,909	56,864,500
Total assets		142,860,688	137,463,551
LIABILITIES			
Non-current liabilities			
Trade and other payables	25	530,786	262,876
Borrowings	26	8,473,173	7,691,622
Lease liabilities	8	1,303,479	1,232,042
Deferred income tax liabilities	13	138,032	183,136
Provisions	27	602,579	1,014,776
Government grants	28	2,555,825	2,795,975
		13,603,874	13,180,427

Consolidated Balance Sheet

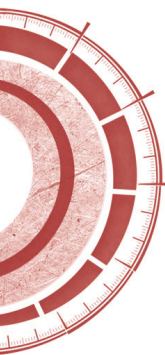
		As at 31 December	
		2020	2019
		RMB'000	RMB'000
	Note		
Current liabilities			
Trade and other payables	25	33,971,538	33,616,467
Contract liabilities	6(a)	1,492,859	1,528,757
Current income tax liabilities		103,049	284,124
Borrowings	26	6,504,211	6,168,929
Lease liabilities	8	209,062	176,601
Provisions	27	262,467	-
		42,543,186	41,774,878
Total liabilities		56,147,060	54,955,305
Net assets		86,713,628	82,508,246
EQUITY			
Share capital	22	10,349,697	10,237,708
Reserves	24	28,928,263	28,144,766
Retained earnings	24	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

The notes on pages 192 to 336 are an integral part of these financial statements.

The financial statements on pages 184 to 191 were approved by the Board of Directors on 25 March 2021 and were signed on its behalf:

Zeng Qinghong
Director

Feng Xingya
Director



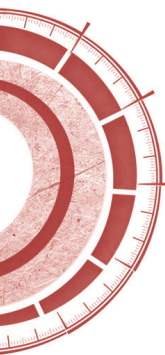
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Revenue	6	63,156,985	59,704,322
Cost of sales	29	(60,860,992)	(57,181,363)
Gross profit		2,295,993	2,522,959
Selling and distribution costs	29	(3,641,480)	(4,553,402)
Administrative expenses	29	(3,850,327)	(3,589,516)
Net impairment losses on financial assets	3.1.2	(55,110)	(53,831)
Interest income	32	304,233	290,694
Other gains – net	31	1,379,690	2,620,340
Operating loss		(3,567,001)	(2,762,756)
Interest income	32	127,551	171,565
Finance costs	33	(439,567)	(516,481)
Share of profit of joint ventures and associates	11	9,570,978	9,399,343
Profit before income tax		5,691,961	6,291,671
Income tax credit	34	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

Consolidated Statement of Comprehensive Income

	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	24,35	(5,128)	1,151
– share of other comprehensive income/(loss) of joint ventures and associates accounted for using the equity method	35	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	24,35	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	36	0.58	0.65
– diluted	36	0.58	0.64

The notes on pages 192 to 336 are an integral part of these financial statements.



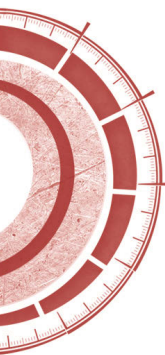
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance as at 1 January 2019	10,232,497	26,880,662	39,490,695	76,603,854	1,370,853	77,974,707
Comprehensive income						
Profit for the year	-	-	6,616,265	6,616,265	92,592	6,708,857
Other comprehensive income, net of tax	-	9,706	-	9,706	-	9,706
Total comprehensive income	-	9,706	6,616,265	6,625,971	92,592	6,718,563
Transactions with owners in their capacity as owners						
Appropriation to statutory surplus reserve fund	-	923,443	(923,443)	-	-	-
Dividend declared by the Company and subsidiaries	-	-	(3,377,880)	(3,377,880)	(98,649)	(3,476,529)
Contribution from non-controlling shareholders of subsidiaries	-	-	-	-	1,093,525	1,093,525
Transactions with non-controlling interests	-	138,640	-	138,640	(138,640)	-
Employee share scheme						
- Value of employee services	-	158,980	-	158,980	-	158,980
- Proceeds from shares issued	5,210	17,567	-	22,777	-	22,777
Convertible bonds						
- Conversion of convertible bonds	1	3	-	4	-	4
Others	-	15,765	-	15,765	454	16,219
Total transactions with owners in their capacity as owners	5,211	1,254,398	(4,301,323)	(3,041,714)	856,690	(2,185,024)
Balance as at 31 December 2019	10,237,708	28,144,766	41,805,637	80,188,111	2,320,135	82,508,246

Consolidated Statement of Changes in Equity

	Attributable to owners of the Company				Non-controlling interests RMB'000	Total equity RMB'000
	Share capital RMB'000	Reserves RMB'000	Retained earnings RMB'000	Total RMB'000		
Balance as at 1 January 2020	10,237,708	28,144,766	41,805,637	80,188,111	2,320,135	82,508,246
Comprehensive income						
Profit for the year	-	-	5,964,055	5,964,055	83,896	6,047,951
Other comprehensive income, net of tax	-	128,360	-	128,360	-	128,360
Total comprehensive income	-	128,360	5,964,055	6,092,415	83,896	6,176,311
Transactions with owners in their capacity as owners						
Appropriation to statutory surplus reserve fund	-	757,660	(757,660)	-	-	-
Appropriation to general reserve fund	-	72,167	(72,167)	-	-	-
Dividend declared by the Company and subsidiaries	-	-	(1,842,794)	(1,842,794)	(67,788)	(1,910,582)
Contribution from non-controlling shareholders of subsidiaries	-	-	-	-	17,670	17,670
Transactions with non-controlling interests (Note 40)	-	(4,441)	-	(4,441)	(15,134)	(19,575)
Employee share scheme (Note 23)						
– Value of employee services	-	(195,528)	-	(195,528)	-	(195,528)
– Proceeds from shares issued	111,766	(14,148)	-	97,618	-	97,618
Convertible bonds (Note 26(g))						
– Conversion of convertible bonds	223	2,957	-	3,180	-	3,180
Others	-	36,470	-	36,470	(182)	36,288
Total transactions with owners in their capacity as owners	111,989	655,137	(2,672,621)	(1,905,495)	(65,434)	(1,970,929)
Balance as at 31 December 2020	10,349,697	28,928,263	45,097,071	84,375,031	2,338,597	86,713,628

The notes on pages 192 to 336 are an integral part of these financial statements.



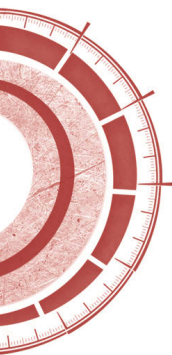
CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	Year ended 31 December	
		2020 RMB'000	2019 RMB'000
Cash flows from operating activities			
Cash used in operations	38(a)	(3,188,165)	(2,117,561)
Interest received		441,744	604,696
Interest paid		(635,841)	(614,913)
Income tax paid		(288,480)	(260,033)
Net cash used in operating activities		(3,670,742)	(2,387,811)
Cash flows from investing activities			
Purchases of property, plant and equipment, right-of-use assets and intangible assets		(6,585,557)	(10,100,641)
Proceeds from sales of property, plant and equipment and intangible assets		102,865	43,187
Additional capital injection in joint ventures		(932,126)	(77,500)
Additional capital injection in associates		(406,493)	(421,809)
Set-up of joint ventures		(173,530)	(431,010)
Set-up of associates		(107,410)	(957,082)
Disposals or capital reduction of joint ventures and associates		93,340	76,352
Acquisition of investment in financial assets at fair value through profit or loss, other comprehensive income and at amortised cost		(4,952,216)	(2,721,535)
Disposal of investment in financial assets at fair value through profit or loss, other comprehensive income and at amortised cost		4,149,298	2,212,346
Proceeds from investment income from financial instruments		171,296	192,296
Granting of entrusted loans		(1,029,961)	(240,000)
Proceeds from repayment of entrusted loans		506,546	196,415
Receipt of government grants related to assets		245,133	192,744
Dividends received		9,730,316	7,886,516
(Increase)/decrease in time deposits		(3,698,816)	3,380,951
Decrease in restricted cash related to investment		-	636,300
Proceeds from repayment of asset-based loans		-	80,066
Payment for investment deposits		(50,969)	-
Net cash used in investing activities		(2,938,284)	(52,404)

Consolidated Statement of Cash Flows

		Year ended 31 December	
		2020	2019
		RMB'000	RMB'000
	Note		
Cash flows from financing activities			
Proceeds from issuance of ordinary shares under employee share option scheme		97,618	22,777
Proceeds from issuance of restricted shares under employee incentive scheme		509,486	–
Contribution from non-controlling shareholders of subsidiaries		17,670	1,093,525
Dividend paid to shareholders of the Company		(1,842,794)	(3,377,880)
Dividend paid to non-controlling interests in subsidiaries		(73,578)	(85,625)
Proceeds from borrowings	38(c)	8,926,433	4,845,290
Repayments of borrowings	38(c)	(8,428,429)	(3,872,507)
Acquisition of repurchasing financial assets	38(c)	(150,143)	(126,720)
Transactions with non-controlling interests	40	(19,575)	–
Principal element of lease payments	38(c)	(238,952)	(194,192)
Other proceeds from/(repayments of) financing activities	38(c)	24,259	(15,205)
Net cash used in financing activities		(1,178,005)	(1,710,537)
Net decrease in cash and cash equivalents			
Cash and cash equivalents at beginning of the year		23,604,986	27,729,586
Exchange (losses)/gains on cash and cash equivalents		(26,558)	26,152
Cash and cash equivalents at end of the year		15,791,397	23,604,986

The notes on pages 192 to 336 are an integral part of these financial statements



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. GENERAL INFORMATION

Guangzhou Automobile Group Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”) are principally engaged in the manufacturing and 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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 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.

The preparation of financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Accounting policy and disclosures

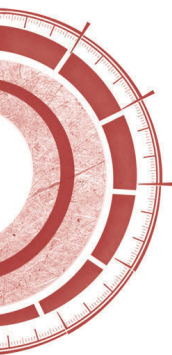
(a) New and amended standards and interpretations adopted by the Group

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 (Amendments)	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.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Accounting policy and disclosures (Continued)

(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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting

2.2.1 Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to Note 2.3).

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the profit or loss, comprehensive income, equity and balance sheet, respectively.

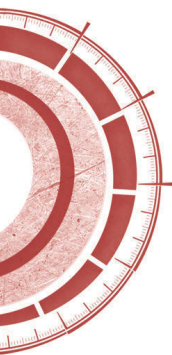
2.2.2 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (Note 2.2.4), after initially being recognised at cost.

2.2.3 Joint ventures

Under HKFRS 11 Joint Arrangements investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Interests in joint ventures are accounted for using the equity method (Note 2.2.4), after initially being recognised at cost in the consolidated balance sheet.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.4 Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in Note 2.11.

2.2.5 Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of the company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Principles of consolidation and equity accounting (Continued)

2.2.5 Changes in ownership interests (Continued)

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs.

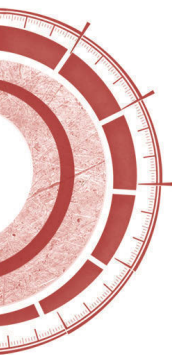
If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2.3 Business combinations

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement, and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Business combinations (Continued)

Acquisition-related costs are expensed as incurred.

The excess of the

- consideration transferred,
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions. Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

2.4 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as executive directors that make strategic decisions.

2.6 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in Renminbi ("RMB"), which is the Company's functional and the Group's presentation currency.

(b) *Transactions and balances*

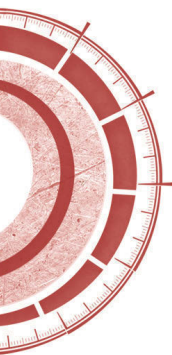
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income within 'finance costs'. All other foreign exchange gains and losses are presented in the consolidated statement of comprehensive income within 'other gains – net'.

(c) *Group companies*

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each consolidated balance sheet presented are translated at the closing rate at the date of that consolidated balance sheet;



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation (Continued)

(c) *Group companies (Continued)*

- (ii) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

(d) *Disposal of foreign operation and partial disposal*

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the exchange differences accumulated in equity in respect of that operation attributable to the equity holders of the Company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the Group's ownership interest in associates or joint ventures that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment

Buildings comprise mainly factories and offices. All property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

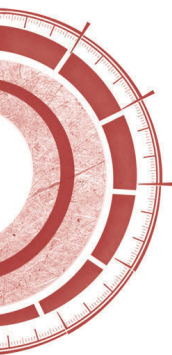
	Useful lives	Residual rate
– Buildings	20-50 years	0%-10%
– Machinery	5-15 years	0%-10%
– Vehicles	4-12 years	0%-10%
– Moulds	3-5 years	0%-10%
– Office and other equipment	3-20 years	0%-12%
– Leasehold improvement	2-20 years	0%

Furniture, fittings and equipment include assets received in the form of free store fit outs are recognised at their fair value. These assets and other leasehold improvements are depreciated over the shorter of their useful life or the lease term, unless the entity expects to use the assets beyond the lease term.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains – net" in the consolidated statement of comprehensive income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Construction in progress

Construction in progress represents property, plant and equipment and investment properties under construction and pending installation and is stated at cost less accumulated impairment losses, if any. Cost includes the costs of construction of buildings, the cost of plant and machinery and interest charges arising from borrowings used to finance these assets during the period of construction or installation and testing, if any. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and are available for intended use. When the assets concerned are brought into use, the costs are transferred to property, plant and equipment and investment properties and depreciated in accordance with the policy as stated in the preceding paragraphs.

2.9 Investment properties

Properties that are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the companies of the Group, are classified as investment properties. The Group applies cost model for recognition of investment properties.

Investment properties are measured initially at its cost, including related transaction costs. After initial recognition, investment properties are stated at historical cost less accumulated depreciation and impairment losses.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives of 20 to 50 years with residual value of 0% to 10%.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets

(a) *Goodwill*

Goodwill arises on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units (“CGUs”), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

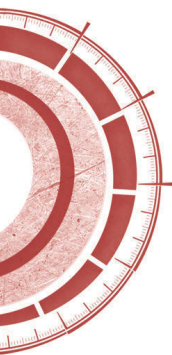
Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less cost of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) *Patent, proprietary technology and franchise right*

Purchased patents, proprietary technology and franchise right are initially recorded at actual cost and are amortised on a straight-line basis over their useful lives of 5 to 10 years.

(c) *Computer software*

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on a straight-line basis over their estimated useful lives of 2 to 10 years.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Intangible assets (Continued)

(d) *Research and development costs*

Research costs are expensed as incurred. An intangible asset arising from development expenditure on the Group's proprietary brands project is recognised only when the Group can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditure during the development. Following the initial recognition of the development expenditure, the cost model is applied requiring the asset to be carried at cost less any accumulated amortisation and accumulated impairment losses. Any expenditure capitalised is amortised over the period of expected future sales from the related project ranging from 5 to 10 years.

The carrying value of development costs is reviewed for impairment annually when the asset is not yet in use, or more frequently when an indication of impairment arises during a financial period.

2.11 Impairment of non-financial assets

Assets that have an indefinite useful life, for example, goodwill or intangible assets not ready to use, are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.12 Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale when their carrying amounts are to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets (except for certain assets as explained below), (or disposal groups), are stated at the lower of carrying amount and fair value less cost of disposal. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, even if held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which represents a separate major line of business or geographic area of operations, or is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

When an operation is classified as discontinued, a single amount is presented in the statement of comprehensive income, which comprises the post-tax profit or loss and other comprehensive income of the discontinued operation and the post-tax gain or loss recognised on the measurement to fair value less cost of disposal, or on the disposal, of the assets or disposal group(s) constituting the discontinued operation.

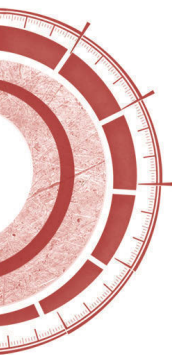
2.13 Investments and other financial assets

2.13.1 Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ("OCI"), or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Investments and other financial assets (Continued)

2.13.1 Classification (Continued)

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (“FVOCI”).

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.13.2 Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

2.13.3 Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (“FVPL”), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

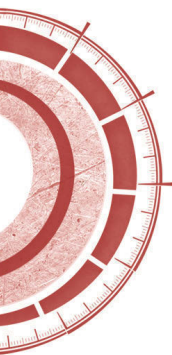
2.13 Investments and other financial assets (Continued)

2.13.3 Measurement (Continued)

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- **Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in "other gains – net", together with foreign exchange gains and losses. Impairment losses are presented in the statement of comprehensive income.
- **FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in "other gains – net". Interest income from these financial assets is included in finance income using the effective interest rate method. Foreign exchange gains and losses are presented in "other gains – net" and impairment expenses are presented in the statement of comprehensive income gains and losses. Impairment losses are presented in the statement of comprehensive income.
- **FVPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within "other gains – net" in the period in which it arises.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Investments and other financial assets (Continued)

2.13.3 Measurement (Continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVPL are recognised in "other gains – net" in the statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

2.13.4 Impairment

The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables, see Note 18 for further details.

2.14 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of

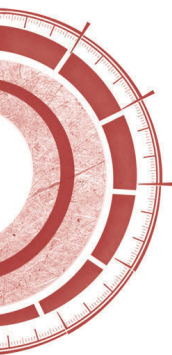
- the amount determined in accordance with the expected credit loss model under HKFRS 9 Financial Instruments and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.17 Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method. See Note 2.13.4 for a description of the Group's impairment policies.

2.18 Cash and cash equivalents

For the purpose of presentation in the consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.19 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.20 Trade and other payables

These amounts represent obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.21 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

The fair value of the liability component of a convertible bond is determined using a market interest rate for an equivalent non-convertible bond. This amount is recorded as a liability on an amortised cost basis until extinguished on conversion or maturity of the bonds. The remainder of the proceeds is allocated to the conversion option. This is recognised and included in shareholders' equity, net of income tax effects.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.22 Borrowing costs

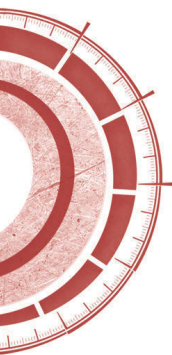
General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.23 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Current and deferred income tax (Continued)

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated balance sheet date in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the consolidated balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.23 Current and deferred income tax (Continued)

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.24 Employee benefits

(a) *Short-term obligations*

Liabilities for wages and salaries, including non-monetary benefits and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the consolidated balance sheet.

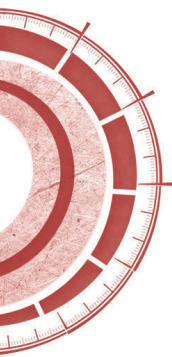
(b) *Post-employment obligations*

The Group operates various post-employment schemes, including both defined benefit and defined contribution pension plans and post-employment medical plans.

Pension obligations

The liability or asset recognised in the consolidated balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Employee benefits (Continued)

(b) *Post-employment obligations (Continued)*

Pension obligations (Continued)

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit or loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the consolidated statement of changes in equity and in the consolidated balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service costs.

The Group participates in the defined contribution employee retirement schemes regarding pension benefits required under existing PRC legislation. The defined contribution plan is a pension plan under which the Group pays contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Other post-employment obligations

Some group companies provide post-retirement healthcare benefits to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise. These obligations are valued annually by independent qualified actuaries.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Employee benefits (Continued)

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

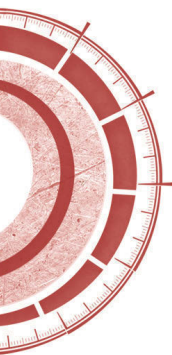
2.25 Share-based payments

Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options and restricted shares) of the Group. The fair value of the employee services received in exchange for the grant of the options and restricted shares is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options and restricted shares granted:

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

At the end of each reporting period, the Group revises its estimates of the number of options and restricted shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Share-based payments (Continued)

Equity-settled share-based payment transactions (Continued)

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

2.26 Provisions

Provisions are recognised when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Provision for product warranties granted by the Group for certain products are recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present value as appropriate.

Provision for off-balance sheet related activities of a subsidiary providing financing services are recognised based on expected credit loss assessed based on a forward looking basis.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Revenue recognition

The Group manufactures and sells a range of passenger vehicles, commercial vehicles, engines and automotive parts to its customers. Sales revenue are recognised when control of the goods has transferred to the customers and there is no unfulfilled obligation that could affect the customer's acceptance of the products.

Sales revenue are recorded based on the price stated in the sales contracts, net of the sales rebates and discounts.

Revenue from provision of services, primarily comprising transportation services, repair and maintenance services and optional warranty, etc., is recognised in the accounting period in which the services are rendered as the customers simultaneously receive and consume the benefits provided by the Group's performance when the Group performs.

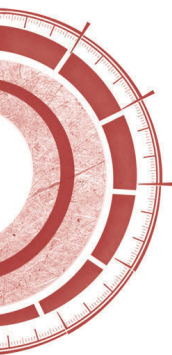
In multiple element arrangements, the transaction price is allocated to the different performance obligations of the contract on the basis of relative standalone selling prices. If the stand-alone selling prices are not directly observable, they are estimated based on expected cost plus a margin or adjusted market assessment approach, depending on the availability of observable information.

A contract asset is the Group's right to consideration in exchange for goods or services that the Group has transferred to a customer.

If a customer pays consideration or the Group has a right to an amount of consideration that is unconditional, before the Group transfers goods or services to the customer, the Group presents the contract as a contract liability when the payment is received or a receivable is recorded (whichever is earlier). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

2.28 Dividend income

Dividends are received from financial assets measured at fair value through profit or loss and at fair value through other comprehensive income. Dividends are recognised as other gains in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI. However, the investment may need to be tested for impairment as a consequence.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Insurance services

(a) *Insurance contracts*

Insurance contracts are those contracts under which the Group has accepted significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders. Insurance contracts are classified as direct insurance contracts and reinsurance contracts. The significance of insurance risk as determined by the Group is mainly dependent on the magnitude of its potential effect.

(b) *Significant insurance risk testing*

For the insurance contracts issued by the Group, tests are performed to determine if the contracts contain significant insurance risk, and contracts of similar nature are grouped together for this purpose. When performing the significant insurance risk test, the Group makes judgments in sequence as to whether the contract transfers insurance risk, whether the contract has commercial substance, and whether the transferred insurance risk is significant.

(c) *Revenue from gross premium*

Premium income and reinsurance premium income is recognised when the insurance contracts are issued, related insurance risk is undertaken by the Group, it is probable that related economic benefits will flow to the Group and related income can be reliably measured.

(d) *Revenue from reinsurance*

The Group undertakes inward and outward reinsurance in the normal course of operations. Reinsurance premiums are recognised as revenue in accordance with the terms stated in the reinsurance contracts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Insurance services (Continued)

(d) Revenue from reinsurance (Continued)

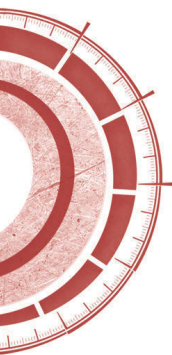
(i) Outward reinsurance business

Outward reinsurance arrangements do not relieve the Group from its obligations to policyholders. When recognizing premium income from insurance contracts, the Group calculates to determine the amount of premium ceded and reinsurers' share of expenses and recognise them through profit or loss according to reinsurance contracts. When calculating unearned premium reserves and claim reserves of insurance contracts, the Group estimates the reinsurance related cash flows according to the reinsurance contracts, considers the risk margin when determining the amount of insurance contract reserves to be recovered from reinsurers, and recognises reinsurers' share of insurance contract liabilities. When insurance contract liabilities are reduced for actual payment of claims and claim expenses, reinsurers' share of insurance contract liabilities are reduced accordingly. In the meantime, the Group calculates to determine the amount of claim expenses to be recovered from the reinsurers according to the reinsurance contracts and recognises the amount through profit or loss. When there is an early termination of an insurance contract, the Group calculates to determine the adjustment amount of premium ceded and reinsurers' share of expenses according to the reinsurance contracts and recognises the amount through profit or loss, and the balance of reinsurers' share of insurance contract liabilities is reversed accordingly.

(ii) Inward reinsurance business

During the period of recognising reinsurance premium income, the Group determines reinsurance expenses according to the reinsurance contracts and recognises the expenses through profit or loss.

Upon receipt of the statement of the reinsurance business, the Group adjusts the reinsurance premium income and reinsurance expenses, and then recognises the adjusted amounts through profit or loss according to the ceding company statements.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.30 Lease

(a) Operating lease

(i) The Group as a lessee under operating lease

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

Contracts may contain both lease and non-lease components. The Group allocates the consideration in the contract to the lease and non-lease components based on their relative stand-alone prices.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.30 Lease (Continued)

(a) Operating lease (Continued)

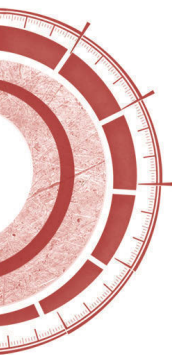
(i) The Group as a lessee under operating lease (Continued)

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- makes adjustments specific to the lease, e.g. term, country, currency and security
- If a readily observable amortising loan rate is available to the individual lessee (through recent financing or market data) which has a similar payment profile to the lease, then the group entities use that rate as a starting point to determine the incremental borrowing rate.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.30 Lease (Continued)

(a) Operating lease (Continued)

(i) The Group as a lessee under operating lease (Continued)

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less without a purchase option. Low-value assets comprise IT equipment and small items of office furniture.

(ii) The Group as a lessor under operating lease

Lease income from operating leases where the Group is a lessor is recognised in income on a straight-line basis over the lease term (Note 9(c)). Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognised as expense over the lease term on the same basis as lease income. The respective leased assets are included in the consolidated balance sheet based on their nature.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.30 Lease (Continued)

(b) Finance lease

The Group as a lessor under finance lease

At the commencement of the lease term, the aggregate of the minimum lease receivable at the inception of the lease and the initial direct costs is recognised as finance lease receivables, and the unguaranteed residual value is recorded at the same time. The difference between the aggregate of the minimum lease receivable, the initial direct costs and the unguaranteed residual value, and the aggregate of their present values is recognised as unearned finance income. The net amount of finance lease receivables less unearned finance income is divided into long-term receivable and the portion of long-term receivable due within one year for presentation.

Lease income from finance lease is recognised using the effective interest method (Note 18(e)).

2.31 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

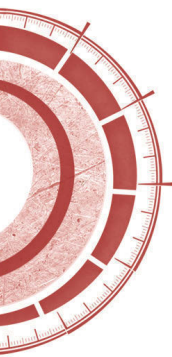
2.32 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to property, plant and equipment and intangible assets are included in non-current liabilities as deferred government grants and are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants are deducted in reporting the related expenses, when appropriate.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

Risk management is carried out by the Group's finance department ("Group Finance") under policies approved by the senior management. Group Finance identifies and evaluates financial risks in close co-operation with the Group's operating units.

3.1.1 Market risk

(a) Foreign exchange risk

The Group's business mainly operates in the PRC with most of the transactions denominated and settled in RMB, except that certain receivables and payables, cash and cash equivalents, restricted cash and time deposits are mainly denominated in US dollar ("USD") and HK dollar ("HKD") which are exposed to foreign currency translation risk. The Group had not used any financial instrument to hedge the foreign exchange risk.

As at 31 December 2020 and 2019, the Group is not exposed to significant foreign exchange risk.

(b) Cash flow and fair value interest rate risk

The Group has no significant interest-bearing assets other than entrusted loans (included in other receivables), time deposits, restricted cash, cash and cash equivalents. The maturity terms of these assets, together with the Group's current borrowings, are within 12 months so that there would not be significant interest rate risk for these financial assets and liabilities.

The Group's interest rate risk arises from non-current borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.1 Market risk (Continued)

(b) Cash flow and fair value interest rate risk (Continued)

As at 31 December 2020, the Group's borrowings at variable rates were denominated in RMB. If interest rates on bank borrowings had been 100 basis point higher/lower respectively with all other variables held constant, post-tax profit would have been RMB40,592,000 (2019: RMB26,497,000) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

The Group had not used any financial instrument to hedge its exposure to interest rate risk.

(c) Price risk

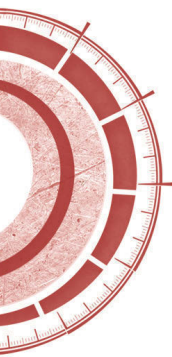
The Group's exposure to price risk arises from investment held by the Group and classified in the consolidated balance sheet either as at FVOCI (Note 14) or FVPL (Note 15). The Group closely monitors the fluctuation of the price and assesses the impact on the Group's consolidated statement of comprehensive income. If the price of the Group's FVOCI had been 1% higher/lower, other comprehensive income (net of tax) for the year ended 31 December 2020 would increase/decrease by RMB8,637,000 (2019: RMB12,312,000). If the price of the Group's FVPL had been 1% higher/lower, post-tax profit for the year ended 31 December 2020 would increase/decrease by RMB46,898,000 (2019: RMB29,852,000).

3.1.2 Credit risk

Credit risk arises from deposit with banks, contractual cash flows of debt instruments carried at amortised cost, at fair value through comprehensive income and at fair value through profit or loss, and trade and other receivables (excluding prepayment and value-added tax recoverable).

The Group has two types of financial assets that are subject to the expected credit loss model:

- trade receivables; and
- other financial assets at amortised cost.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

While deposit with banks, including time deposits, restricted cash, cash and cash equivalents, are also subject to the impairment requirements of HKFRS 9, identified impairment loss was immaterial.

(a) Trade receivables

The Group applies the HKFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

As at 31 December 2020, the Group assessed that the expected loss rate for trade receivables due from related parties (excluding loans relating to financing services and finance lease receivables) was immaterial considering their good finance position and credit history. Thus no loss allowance provision for other receivables from related parties was recognised in 2020 (31 December 2019: Nil).

As at 31 December 2020, the Group assessed the expected loss rate for trade receivables from governments in relation to the subsidy of new energy vehicles sold to end users and made an allowance amounted to RMB5,952,000 accordingly (31 December 2019: RMB1,328,000).

As at 31 December 2020 and 2019, the expected loss rate for certain third-party customers who were in bankruptcy or liquidation are assessed specifically by the directors as follows:

	As at 31 December 2020	As at 31 December 2019
Expected loss rate	100.00%	100.00%
Gross carrying amount (RMB'000)	93,787	89,879
Loss allowance provision (RMB'000)	93,787	89,879

3. FINANCIAL RISK MANAGEMENT (Continued)

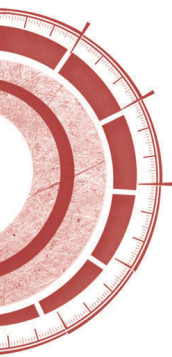
3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(a) Trade receivables (Continued)

As at 31 December 2020 and 2019, the loss allowance provision for the trade receivables due from third parties was determined as follows. The expected credit losses below also incorporated forward looking information.

	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
Trade receivables (excluding trade receivables due from related parties, trade receivables due from government and trade receivables subject to specific expected loss rate)							
At 31 December 2020							
Gross carrying amount (RMB'000)	1,124,517	27,295	2,661	690	5,289	149,523	1,309,975
Expected loss rate	0.64%	11.33%	44.61%	62.17%	89.62%	100%	
Loss allowance provision (RMB'000)	7,186	3,092	1,187	429	4,740	149,523	166,157



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(a) Trade receivables (Continued)

	Within 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 4 years	Between 4 and 5 years	Over 5 years	Total
Trade receivables (excluding trade receivables due from related parties, trade receivables due from government and trade receivables subject to specific expected loss rate)							
At 31 December 2019							
Gross carrying amount (RMB'000)	1,332,052	6,219	2,062	7,363	7,463	143,811	1,498,970
Expected loss rate	0.63%	10.00%	30.00%	50.00%	80.00%	100.00%	
Loss allowance provision (RMB'000)	8,416	622	619	3,682	5,971	143,811	163,121

(b) Debt investments at amortised cost and FVPL

All of the Group's debt investments at amortised cost are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(b) Debt investments at amortised cost and FVPL (Continued)

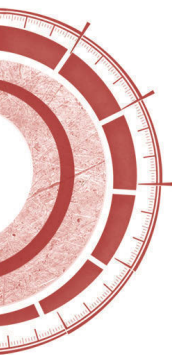
The Group is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure as at 31 December 2020 is the carrying amount of these investments, amounting to RMB2,741,094,000 (31 December 2019: RMB1,666,646,000).

The Group expects that there is no significant credit risk associated with debt investments at amortised cost and FVPL since the Group furnishes investment mandates to commercial banks, trust companies and asset management companies. These mandates require them to invest in financial products with high market credit rating, liquidity and stable return. Management does not expect that there will be any significant losses from non-performance by these counterparties.

(c) Other financial assets at amortised cost

The Group applies the general approach to provide for expected credit loss of other financial assets measured at amortised cost including notes receivable, interest receivable, entrusted loans to related parties, finance lease receivables, loans relating to financing services, dividend receivables and other receivables under HKFRS 9.

Except for certain long aging receivables for which the debtors failed to make demanded repayment and the Group has made specific provision on a case-by-case basis, the expected credit loss provision for the financial assets included in the above balances is based on the 12-month expected credit loss. It is the portion of lifetime expected credit loss that results from default events on a financial instrument that are possible within 12 months after the reporting date. However, when there has been a significant increase in credit risk since origination, the allowance will be based on the lifetime expected credit loss. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data. As at 31 December 2020 and 2019, except for certain default receivables, management considers that the expected credit loss is immaterial.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

(c) Other financial assets at amortised cost (Continued)

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtor's ability to meet its obligations
- actual or expected significant changes in the operating results of the debtor
- significant increases in credit risk on other financial instruments of the same debtor
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behavior of the debtor, including changes in the payment status of debtors in the Group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

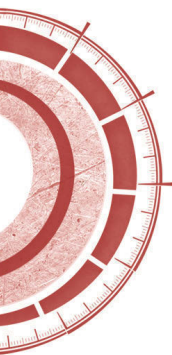
3.1.2 Credit risk (Continued)

(c) Other financial assets at amortised cost (Continued)

- (i) A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision
Performing	Customers have a low risk of default and a strong capacity to meet contractual cash flows	12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.
Underperforming	Receivables for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 180 days past due	Lifetime expected losses
Non-performing	Interest and/or principal repayments are 365 days past due	Lifetime expected losses
Write-off	Interest and/or principal repayments are over 365 days past due and there is no reasonable expectation of recovery.	Asset is written off

As at 31 December 2020, the Group has assessed that the expected loss rate for other receivables from related parties (excluding loans relating to financing services and finance lease receivables) was immaterial considering the good finance position and credit history of the related parties. Thus no loss allowance provision for other receivables from related parties was recognised in 2020 (31 December 2019: Nil).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.2 Credit risk (Continued)

- (d) As at 31 December 2019 and 2020, the loss allowance provision for trade receivables, current and long-term other receivables reconciles to the opening loss allowance for that provision as follows:

	Trade receivables RMB'000	Other receivables (current) RMB'000	Other long-term receivables RMB'000	Total RMB'000
At 1 January 2019	248,905	347,046	16,932	612,883
Provision for loss allowance recognised in profit or loss	5,422	5,994	42,415	53,831
At 31 December 2019	254,327	353,040	59,347	666,714
Provision for loss allowance recognised in profit or loss	11,569	38,438	5,103	55,110
At 31 December 2020	265,896	391,478	64,450	721,824

3.1.3 Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash and cash equivalents, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, the Group's finance team maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors the Group's time deposits (Note 19) and cash and cash equivalents (Note 21) on the basis of expected cash flow.

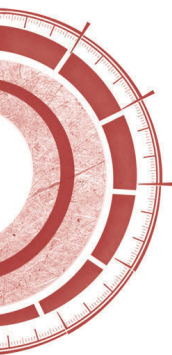
3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

3.1.3 Liquidity risk (Continued)

The tables below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000
As at 31 December 2020				
Borrowings	6,859,443	4,899,340	4,125,517	4,583
Trade and other payables (excluding employee benefits payable, other taxes and government grants)	30,526,443	446,946	-	-
Lease liabilities	275,863	234,360	532,972	828,975
As at 31 December 2019				
Borrowings	6,426,467	1,904,407	6,611,625	-
Trade and other payables (excluding employee benefits payable, other taxes and government grants)	30,760,197	262,876	-	-
Lease liabilities	272,832	246,542	538,256	686,955



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings and lease liabilities (including current and non-current as shown in the consolidated balance sheet) less time deposits, restricted cash and cash and cash equivalents. Total capital is calculated as total equity plus net debt.

The gearing ratios as at 31 December 2020 and 2019 were as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Total borrowings (Note 26)	14,977,384	13,860,551
Total lease liabilities (Note 8)	1,512,541	1,408,643
Less: time deposits (Note 19)	(10,624,362)	(6,959,924)
restricted cash (Note 20)	(2,084,314)	(1,678,017)
cash and cash equivalents (Note 21)	(15,791,397)	(23,604,986)
Net credit	(12,010,148)	(16,973,733)
Total equity	86,713,628	82,508,246
Total capital	74,703,480	65,534,513
Gearing ratio	N/A	N/A

As at 31 December 2020 and 2019, the Group's total borrowings and lease liabilities are less than the total of time deposits, restricted cash and cash and cash equivalents and therefore the Group is subject to a net credit position.

3. FINANCIAL RISK MANAGEMENT (Continued)

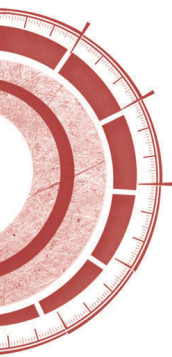
3.3 Fair value estimation

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the balance sheet date, such as estimated discounted cash flows.

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

The following table presents the Group's assets that are measured at fair value at 31 December 2020.

	Level 1 RMB'000 Note (a)	Level 2 RMB'000 Note (b)	Level 3 RMB'000 Note (c)	Total RMB'000
Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss				
– Bond investments	717,399	–	–	717,399
– Fund investments	51,432	1,792,416	–	1,843,848
– Financial products	–	–	1,081,005	1,081,005
– Stocks	825,711	–	–	825,711
– Other equity investment	–	–	591,639	591,639
– Others	–	598,678	1,253,380	1,852,058
	1,594,542	2,391,094	2,926,024	6,911,660

The following table presents the Group's assets that are measured at fair value at 31 December 2019.

	Level 1 RMB'000 Note (a)	Level 2 RMB'000 Note (b)	Level 3 RMB'000 Note (c)	Total RMB'000
Financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss				
– Bond investments	732,236	–	–	732,236
– Fund investments	50,191	1,017,380	–	1,067,571
– Financial products	–	–	785,539	785,539
– Stocks	612,274	–	–	612,274
– Other equity investment	–	–	543,952	543,952
– Others	–	587,424	882,487	1,469,911
	1,394,701	1,604,804	2,211,978	5,211,483

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(a) *Financial instruments in level 1*

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for the financial assets included in level 1 held by the Group is the current bid price.

There were no significant transfers of financial assets between level 1 and level 2 fair value hierarchy classifications.

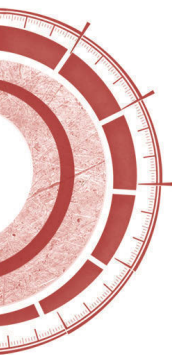
(b) *Financial instruments in level 2*

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(c) Financial instrument in level 3

The following table presents the changes in level 3 instruments for the year ended 31 December 2019 and 2020.

	Other equity investment RMB'000	Financial products RMB'000	Others RMB'000	Total RMB'000
Opening balance as at 1 January 2019	214,981	582,275	811,053	1,608,309
Acquisitions	311,512	2,855,224	254,857	3,421,593
Gains for the period recognised in profit or loss	26,287	48,680	7,542	82,509
Gains for the period recognised in other comprehensive income	–	–	11,772	11,772
Disposal	(8,828)	(2,700,640)	(202,737)	(2,912,205)
Closing balance as at 31 December 2019	543,952	785,539	882,487	2,211,978
Acquisitions	35,121	3,094,006	3,219,402	6,348,529
Gains for the period recognised in profit or loss	24,451	60,799	116,078	201,328
Disposal	(11,885)	(2,859,339)	(2,964,587)	(5,835,811)
Closing balance as at 31 December 2020	591,639	1,081,005	1,253,380	2,926,024

Includes unrealised gains or (losses) recognised in profit or loss attributable to balances held at the end of the reporting period

2020	12,566	18,621	123,022	154,209
2019	18,905	4,561	3,871	27,337

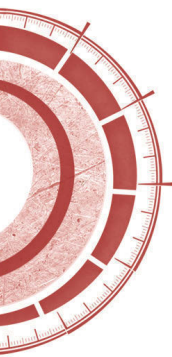
3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(c) Financial instrument in level 3 (Continued)

Quantitative information about fair value measurements using significant unobservable inputs (Level 3) is as follow:

	Fair value at 31 December 2020 RMB'000	Valuation technique(s)	Unobservable input	Range (weighted average)
- Financial products	1,081,005	Discounted cash flow	Expected interest rate per annum	2.4%-5.3%
- Preference shares (Note (i))	848,526	Guideline Public Company Method	Applicable P/S ratio	10.18
- Other equity investment (Note (ii))	591,639	Discounted cash flow	Discount rate	1%-3%
- Trust products	94,164	Discounted cash flow	Expected interest rate per annum	4.55%-5%
- Unlisted notes receivable	310,690	Discounted cash flow	Discount rate	2.5%-3.3%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

(c) Financial instrument in level 3 (Continued)

	Fair value at 31 December 2019 RMB'000	Valuation technique(s)	Unobservable input	Range (weighted average)
- Financial products	785,539	Discounted cash flow	Expected interest rate per annum	4%-5.6%
- Preference shares (Note (i))	726,668	Comparable transaction approach	Recent market transaction	USD145-153 per Share
- Other equity investment (Note (ii))	543,952	Discounted cash flow	Discount rate	1%-3%
- Trust products	148,871	Discounted cash flow	Expected interest rate per annum	5.36%-6.35%

(i) The stocks in level 3 represent the Group's investment in preference shares.

(ii) Other equity investments in level 3 represent the Group's investment in interest of non-listed company.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(a) Current and deferred income taxes

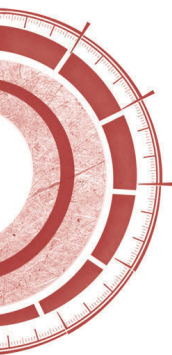
The Group is subject to income taxes in the PRC. There are certain transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers it is likely that future taxable profits will be available against which temporary differences or tax losses can be utilised. When the expectations are different from the original estimates, such differences will impact the recognition of deferred tax assets and income tax charges in the period in which such estimates are changed.

(b) Impairment of property, plant and equipment, intangible assets and right-of-use assets

Property, plant and equipment, intangible assets and right-of-use assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Construction in progress and intangible assets not ready to use – not subject to amortisation, are tested annually for impairment. The recoverable amounts have been determined based on value-in-use calculations or market valuations. These calculations require the use of judgements and estimates.

Management judgement is required in the area of asset impairment particularly in assessing: (i) whether an event has occurred that may indicate that the related asset value may not be recoverable; (ii) whether the carrying value of an asset can be supported by the recoverable amount, being the higher of fair value less cost of disposal or net present value of future cash flows which are estimated based upon the continued use of the asset in the business; (iii) details of further development of the CGU or segment, such as business plan and contracts with new customers in the coming year and their impact on the revenue and margins; and (iv) the appropriate key assumptions to be applied in preparing cash flow projections including whether these cash flow projections are discounted using an appropriate rate. Changing the assumptions selected by management in assessing impairment, including the discount rates or the growth rate assumptions in the cash flow projections, could materially affect the net present value in the impairment test and as a result affect the Group's financial condition and results of operations. If there is a significant adverse change in the projected performance and resulting future cash flow projections, it may be necessary to take an impairment charge to the consolidated statement of comprehensive income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(c) Impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, which is in accordance with the accounting policy stated in Note 2.10. The recoverable amounts of CGUs have been determined based on fair value less cost of disposal estimated using the discounted cash flow method. These calculations require the use of estimates.

(d) Impairment of investments in joint ventures and associates

The Group determines at each reporting date whether there is any objective evidence that the investments in the joint ventures and associates are impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint ventures and associates and their carrying value.

If the investments in joint ventures and associates include goodwill, the Group should test the amount of impairment at least once a year. No impairment charge arose in one joint venture (Note 11.1(c)) with significant goodwill arising from an acquisition during the year 2012 after assessment. The recoverable amounts of the investments have been determined based on fair value less cost of disposal estimated using the discounted cash flow method. In arriving at fair value less cost of disposal, post-tax discount rates of 12.9% have been applied to the post-tax cash flows expressed in real terms. Fair value less cost of disposal was determined by estimating cash flows for a period of five years. The cash flow projections are based on financial budgets approved by management covering a five-year periods. These cash flows are then aggregated with a “terminal value”. The terminal value represents the value of cash flows beyond the fifth year, incorporating an annual real-term growth rate of 2.3%. These calculations require the use of estimates.

If the budgeted revenue used by the management in the fair value less cost of disposal calculation for this joint venture had been decreased by 5.00%, the Group would not recognise any impairment of investment. A 8.10% increase in the estimated post-tax discount rate for the joint venture would not result in an impairment against investment. If the estimated gross profit margins estimated by the management for the joint venture had been decreased by 3.86%, the Group would not recognise an impairment against investment.

(e) Warranty provisions

Provision for product warranties granted by the Group in respect of certain products are recognised based on sales volume and past experience of the level of repair and returns, discounted to their present values as appropriate.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(f) Impairment of trade and other receivables

The Group makes allowances on trade and other receivables based on assumptions about risk of default and expected loss rates. The Group used judgment in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

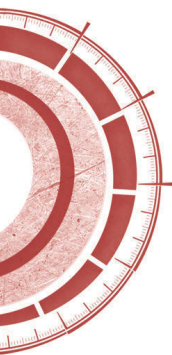
Where the expectation is different from the original estimate, such difference will impact the carrying amount of trade and other receivables and doubtful debt expenses in the periods in which such estimate has been changed. For details of the key assumptions and inputs used, see Note 3.1 above.

(g) Impairment of inventory

The management of the Group assesses on the net realisable value of inventory at each reporting date based on the accounting policies stated in Note 2.16. The net realisable value is the estimated selling price in the current course of business, less applicable costs, variable selling expenses and tax charges. Even though the management of the Group has made the best estimate about the inventory impairment loss predicted to occur and provided allowance for impairment, the impairment assessment may still be significantly changed due to the change of market situations.

(h) Estimation of the fair value of certain financial assets

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For details of the key assumptions used and the impact of changes to these assumptions see Note 3.3 above.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(i) Classification of financial assets

The judgments in determining the classification of financial assets include the analysis of business models and the characteristics of contractual cash flows. An entity's business model refers to how an entity manages its financial assets in order to generate cash flows. That is, the entity's business model determines whether cash flows are arising from collecting contractual cash flows, selling financial assets or both.

The business model of managing financial assets is not determined by a single factor or activity. Instead, the entity should consider all relevant evidence available when making the assessment. Relevant evidence mainly includes, but not limited to, how the cash flow of the Group of assets is collected, how the performance of the Group of assets is reported to key management personnel, and how the risk of Group of assets is being assessed and managed. The contractual cash flows characteristics of financial assets refer to the cash flow attributes of the financial assets reflecting the economic characteristics of the relevant financial assets (i.e. whether the contractual cash flows generated by the relevant financial assets on a specified date solely represents the payments of principal and interest). The principal amount refers to the fair value of the financial asset at initial recognition. The principal amount may change throughout the lifetime of the financial assets due to prepayment or other reasons. The interest includes the time value of money, the credit risk associated with the outstanding principal amount for a specific period, other basic lending credit risks, and the consideration of costs and profits.

(j) Estimation of the value of defined benefits obligation

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. Any changes in these assumptions will impact the carrying amount of pension obligations.

Details of key assumptions and impact of possible changes in key assumptions are disclosed in Note 30.

5. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES

As at 31 December 2020, particulars of principal subsidiaries, joint ventures and associates are as follows:

Name	Place of incorporation and operations	Legal status	Principal activities	Particulars of registered capital/issued share capital	Interest held	
					Direct	Indirect
Subsidiaries						
GAC Motor Co., Ltd. ("GAC Motor") 廣汽乘用車有限公司	Mainland China	Limited liability company	Manufacture and sale of automobiles	RMB15,516,834,365	100%	-
Guangzhou Automobile Group Component Co., Ltd. ("GAC Component") 廣汽零部件有限公司	Mainland China	Limited liability company	Manufacture and sale of automotive parts	RMB107,211,000	51%	49%
Guangzhou Automobile Group Business Co., Ltd. ("GAC Business") 廣汽商貿有限公司	Mainland China	Limited liability company	Trading of automobiles, automotive parts and steel	RMB3,241,512,000	100%	-
GAC Motor (Hangzhou) Co., Ltd. ("GAC Motor Hangzhou") 廣汽乘用車(杭州)有限公司	Mainland China	Limited liability company	Manufacture and sale of automobile	RMB4,231,280,000	-	100%
Urtrust Insurance Co., Ltd. 眾誠汽車保險有限公司	Mainland China	Joint stock company with limited liabilities	Provision of automobile insurance services	RMB2,268,750,000	27.11%	26.44%
GAC Capital Co., Ltd. ("GAC Capital") 廣汽資本有限公司	Mainland China	Limited liability company	Investment and investment management	RMB1,500,000,000	100%	-
GAC Finance Co., Ltd ("GAC Finance") 廣州汽車集團財務有限公司	Mainland China	Limited liability company	Financial services	RMB1,000,000,000	90%	10%

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

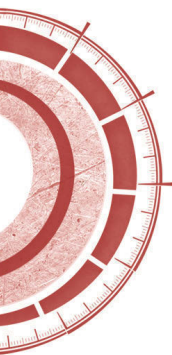
As at 31 December 2020, particulars of principal subsidiaries, joint ventures and associates are as follows(Continued):

Name	Place of incorporation and operations	Principal activities	Particulars of registered capital/issued share capital	Interest held	
				Direct	Indirect
Joint ventures					
GAC Honda Automobile Co., Ltd. ("GAC Honda") 廣汽本田汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	USD541,000,000	50%	-
GAC Toyota Motor Co., Ltd. ("GAC Toyota") 廣汽豐田汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	USD935,556,000	50%	-
GAC Hino Motors Co., Ltd. ("GAC Hino") 廣汽日野汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	RMB2,220,000,000	50%	-
GAC-SOFINCO Automobile Finance Co., Ltd. ("GAC SOFINCO") 廣汽匯理汽車金融有限公司	Mainland China	Provision of automotive financing services	RMB3,000,000,000	50%	-
GAC Fiat Chrysler Automobiles Co., Ltd. ("GAC FCA") 廣汽菲亞特克萊斯勒汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	RMB7,000,000,000	50%	-
Wuyang-Honda Motors (Guangzhou) Co., Ltd. ("Wuyang-Honda") 五羊-本田摩托(廣州)有限公司	Mainland China	Manufacture and sale of motorcycle and motorcycle parts	USD49,000,000	50%	-
GAC Mitsubishi Motors Co., Ltd. ("GAC Mitsubishi") 廣汽三菱汽車有限公司	Mainland China	Manufacture and sale of automobile and automotive parts	RMB1,947,000,000	50%	-

5. PARTICULARS OF PRINCIPAL SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES (Continued)

As at 31 December 2020, particulars of principal subsidiaries, joint ventures and associates are as follows(Continued):

Name	Place of incorporation and operations	Principal activities	Particulars of registered capital/issued share capital	Interest held	
				Direct	Indirect
Associates					
GAC Toyota Engine Co., Ltd. 广汽丰田发动机有限公司	Mainland China	Manufacture and sale of automotive parts	USD670,940,000	30%	-
Shanghai Hino Engine Co., Ltd. 上海日野發動機有限公司	Mainland China	Manufacture and sale of automotive parts	USD29,980,000	30%	-
Guangzhou TS Automotive Interior Systems Co., Ltd. 廣州提愛思汽車內飾系統有限公司	Mainland China	Manufacture and sale of automotive parts	USD3,860,000	-	48%
Guangzhou Intex Automotive Interior Parts Co., Ltd. 廣州櫻泰汽車飾件有限公司	Mainland China	Manufacture and sale of automotive parts	USD22,500,000	-	25%
Guangzhou Stanley Electric Company Limited 廣州斯坦雷電氣有限公司	Mainland China	Manufacture and sale of automotive parts	USD44,700,000	-	30%
Guangzhou Denso Co., Ltd. 廣州電裝有限公司	Mainland China	Manufacture and sale of automotive parts	USD23,022,409	-	40%



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. 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.

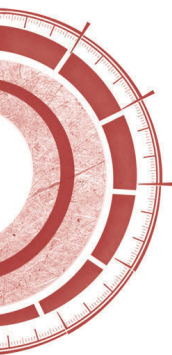
Sales between segments are carried out on terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

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.

6. SEGMENT INFORMATION (Continued)

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (Continued)

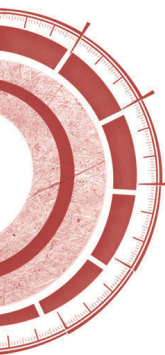
The segment assets and liabilities as at 31 December 2020 and additions to non-current assets (other than deferred tax assets, FVPL and FVOCI) for the year then ended are as follows:

	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

6. SEGMENT INFORMATION (Continued)

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 amortization	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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (Continued)

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

Revenue from external customers by geographical location is as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Mainland China	62,097,147	59,538,122
Hong Kong	1,059,838	166,200
	63,156,985	59,704,322

6. SEGMENT INFORMATION (Continued)

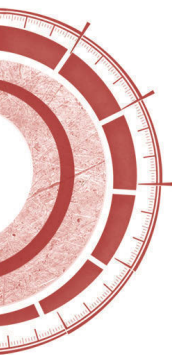
Non-current assets (other than deferred tax assets, FVPL and FVOCI) located by geographical location are as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Mainland China	78,950,702	74,376,868
Hong Kong	137,514	155,180
	79,088,216	74,532,048

Analysis of revenue by category:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Recognised at a point in time		
Sales of vehicles and related products	56,832,098	53,955,055
Recognised over time		
Maintenance, transportation and other services	3,091,150	2,768,327
Revenue under HKFRS 15	59,923,248	56,723,382
Revenue from other sources (Note (i))	3,233,737	2,980,940
	63,156,985	59,704,322

(i) Revenue from other sources includes insurance services, financing services and lease income.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

6. SEGMENT INFORMATION (Continued)

(a) Contract liabilities

The Group has recognised the following revenue-related contract liabilities:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Contract liabilities		
– Related parties	58,605	66,158
– Third parties	1,434,254	1,462,599
	1,492,859	1,528,757

(i) Significant changes in contract liabilities

Contract liabilities of the Group mainly arise from the advance payments made by customers while the underlying services are yet to be provided or the vehicles and related products are yet to be delivered. The decrease in contract liabilities was mainly due to decrease in advance payments from customers.

(ii) Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities.

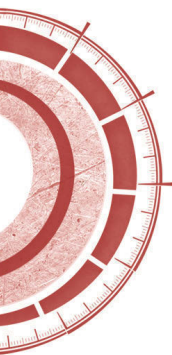
	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Revenue recognised that was included in the balance of contract liabilities at the beginning of the year		
– Related parties	58,605	82,253
– Third parties	1,470,152	1,253,443
	1,528,757	1,335,696

(iii) Unsatisfied performance obligations

For the services the Group rendered, they are rendered in short period of time, which is generally less than a year, and the Group has elected the practical expedient for not to disclose the remaining performance obligations for these type of contracts.

7. PROPERTY, PLANT AND EQUIPMENT

	Buildings RMB'000	Machinery RMB'000	Vehicles RMB'000	Moulds RMB'000	Office and other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2019								
Opening net book amount	6,806,926	5,218,356	812,410	783,289	268,815	205,736	2,222,861	16,318,393
Additions	57,658	638,984	579,532	468,927	164,284	142,474	3,096,807	5,148,666
Transfer from investment properties (Note 9)	66,022	-	-	-	-	-	-	66,022
Disposals	(7,076)	(3,630)	(48,767)	(1,494)	(2,477)	-	-	(63,444)
Transfer to investment properties (Note 9)	(8,161)	-	-	-	-	-	-	(8,161)
Transfers	1,561,811	1,849,883	6,509	214,786	33,561	-	(3,666,550)	-
Depreciation charge (Note 29)	(396,149)	(848,026)	(219,549)	(351,351)	(86,323)	(82,273)	-	(1,983,671)
Impairment charge (Note 29)	-	(5,765)	(12,499)	(61,383)	(2,351)	-	-	(81,998)
Closing net book amount	8,081,031	6,849,802	1,117,636	1,052,774	375,509	265,937	1,653,118	19,395,807
As at 31 December 2019								
Cost	9,940,640	10,362,909	1,680,587	2,764,901	745,017	793,546	1,654,141	27,941,741
Accumulated depreciation and impairment	(1,859,609)	(3,513,107)	(562,951)	(1,712,127)	(369,508)	(527,609)	(1,023)	(8,545,934)
Net book amount	8,081,031	6,849,802	1,117,636	1,052,774	375,509	265,937	1,653,118	19,395,807
Year ended 31 December 2020								
Opening net book amount	8,081,031	6,849,802	1,117,636	1,052,774	375,509	265,937	1,653,118	19,395,807
Additions	312,010	98,428	217,114	65,954	371,105	81,823	2,018,043	3,164,477
Transfer from investment properties (Note 9)	10,851	-	-	-	-	-	-	10,851
Disposals	(319)	(68,744)	(94,095)	(2,587)	(4,249)	-	-	(169,994)
Transfer to investment properties (Note 9)	(77,703)	-	-	-	-	-	-	(77,703)
Transfers	1,057,669	881,657	78,761	179,937	21,461	-	(2,219,485)	-
Depreciation charge (Note 29)	(473,150)	(919,028)	(281,554)	(331,121)	(151,327)	(88,439)	-	(2,244,619)
Impairment charge (Note 29)	-	(932)	(4,654)	(14)	(9)	-	-	(5,609)
Closing net book amount	8,910,389	6,841,183	1,033,208	964,943	612,490	259,321	1,451,676	20,073,210
As at 31 December 2020								
Cost	11,239,238	11,230,979	1,751,296	3,004,963	1,120,278	875,372	1,452,699	30,674,825
Accumulated depreciation and impairment	(2,328,849)	(4,389,796)	(718,088)	(2,040,020)	(507,788)	(616,051)	(1,023)	(10,601,615)
Net book amount	8,910,389	6,841,183	1,033,208	964,943	612,490	259,321	1,451,676	20,073,210



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

- (a) Depreciation expenses have been charged to the consolidated statement of comprehensive income as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Cost of sales	1,850,320	1,671,159
Selling and distribution costs	123,907	76,117
Administrative expenses	270,392	236,395
	2,244,619	1,983,671

- (b) As at 31 December 2020, a certain bank borrowings (Note 26(a)) were secured by the Group's property, plant and equipment with the carrying value of approximately RMB216,000 (2019: RMB69,084,000).
- (c) As at 31 December 2020, the Group is in the process of applying for the title certificates of certain of its property with an aggregate carrying value of approximately RMB2,105,777,000 (2019: RMB2,315,334,000). The Directors consider that the Group is entitled to lawfully and validly occupy or use those properties.
- (d) During the year, the Group capitalised borrowing costs amounting to RMB16,196,000 (2019: RMB9,412,000) on qualifying assets (construction in progress). Borrowing costs were capitalised at rate of its general borrowings of 3.18%-5.19% (2019: 2.25%-5.12%).

8. LEASES

This note provides information for leases where the Group is a lessee.

(a) Amounts recognised in the consolidated balance sheet

The consolidated balance sheet shows the following amounts relating to leases:

	As at 31 December 2020 RMB'000	As at 31 December 2019 RMB'000
Right-of-use assets		
Land-use rights (Notes (i), (ii), (iii) and (iv))	5,478,957	5,462,360
Properties	1,392,279	1,338,808
Vehicles	20,859	21,800
Others	16,913	23,403
	6,909,008	6,846,371
Lease liabilities		
Current	209,062	176,601
Non-current	1,303,479	1,232,042
	1,512,541	1,408,643

Additions to the right-of-use assets during the 2020 financial year were RMB557,215,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. LEASES (Continued)

(a) Amounts recognised in the consolidated balance sheet (Continued)

- (i) The Group has land lease arrangement with mainland China government. Land use rights represent the Group's interests in land which are held on leases between 15 to 50 years. Movements of the land use rights for the year are as follows:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Beginning of the year		
Cost	5,953,729	4,302,065
Accumulated depreciation and impairment	(491,369)	(372,073)
Net book amount	5,462,360	3,929,992
For the year ended		
Opening net book amount	5,462,360	3,929,992
Additions	210,547	1,651,664
Transferred from investment properties (Note 9)	3,621	–
Transferred to investment properties (Note 9)	(71,568)	–
Depreciation charge	(126,003)	(119,296)
Closing net book amount	5,478,957	5,462,360
End of the year		
Cost	6,084,640	5,953,729
Accumulated depreciation and impairment	(605,683)	(491,369)
Net book amount	5,478,957	5,462,360

- (ii) The amount of depreciation of the Group was primarily charged to cost of sales and administrative expenses in the consolidated statement of comprehensive income.
- (iii) As at 31 December 2020, there is no bank borrowing secured by the Group's land use rights. As at 31 December 2019, certain bank borrowings were secured by the Group's land use rights with the carrying value of approximately RMB14,771,000.
- (iv) As at 31 December 2020, the Group is in the process of applying for the title certificates of certain of its land use rights with an aggregate carrying value of approximately RMB688,459,000 (2019: RMB623,237,000). The Directors consider that the Group is entitled to lawfully and validly occupy or use those land use rights.

8. LEASES (Continued)

(b) Amounts recognised in the consolidated statement of comprehensive income

The consolidated statement of comprehensive income shows the following amounts relating to leases:

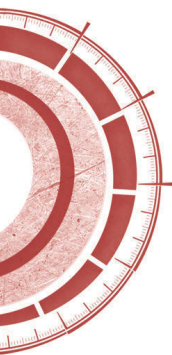
	Notes	2020 RMB'000	2019 RMB'000
Depreciation charge of right-of-use assets			
Land-use rights		126,003	119,296
Properties		266,842	203,097
Vehicles		15,918	10,283
Others		6,535	5,444
	29	415,298	338,120
Interest expense (included in finance cost)	33	76,154	59,503
Expense relating to short-term leases (included in cost of sales, selling and distribution costs and administrative expenses)	29	16,369	28,918
Expense relating to leases of low-value assets that are not shown above as short-term leases (included in administrative expenses)	29	337	88

The total cash outflow for leases in 2020 was RMB331,812,000.

(c) The Group's leasing activities and how these are accounted for

The Group leases various properties, vehicles, office and other equipment. Rental contracts are typically made for fixed periods of 6 months to 20 years, but may have extension options.

Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants other than the security interests in the leased assets that are held by the lessor. Leased assets may not be used as security for borrowing purposes.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INVESTMENT PROPERTIES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Beginning of the year		
Cost	1,636,186	1,727,811
Accumulated depreciation	(301,699)	(241,817)
Net book amount	1,334,487	1,485,994
For the year ended		
Opening net book amount	1,334,487	1,485,994
Additions	2,135	–
Adjustment	–	(25,136)
Transfer from land use rights (Note 8)	71,568	–
Transfer from property, plant and equipment (Note 7)	77,703	8,161
Transfer to land use rights (Note 8)	(3,621)	–
Transfer to property, plant and equipment (Note 7)	(10,851)	(66,022)
Depreciation charge (Note 29)	(83,876)	(68,510)
Closing net book amount	1,387,545	1,334,487
End of the year		
Cost	1,788,356	1,636,186
Accumulated depreciation	(400,811)	(301,699)
Net book amount	1,387,545	1,334,487

9. INVESTMENT PROPERTIES (Continued)

- (a) The Group's investment properties at their net book values are analysed as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Mainland China	1,373,602	1,320,451
Hong Kong	13,943	14,036
	1,387,545	1,334,487

- (b) As at 31 December 2020, the Group is in the process of applying for the title certificates of certain of its investment properties with an aggregate carrying value of approximately RMB52,157,000 (2019: RMB35,938,000). The Directors consider that the Group is entitled to lawfully and validly occupy or use those properties.

- (c) Rental income from operating lease recognised in profit or loss for investment properties in 2020 were approximately RMB110,957,000 (2019: RMB230,886,000).

(d) **Leasing arrangements**

The investment properties are leased to tenants under operating leases with rentals payable monthly. There are no variable lease payments that depend on an index or rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. INTANGIBLE ASSETS

	Patent, proprietary technology and franchise right RMB'000	Computer software RMB'000	Goodwill RMB'000	Development costs RMB'000	Total RMB'000
Year ended 31 December 2019					
Opening net book amount	444,724	298,766	127,099	7,669,396	8,539,985
Additions	17,286	272,109	-	4,316,946	4,606,341
Amortisation charge (Note 29)	(57,394)	(88,914)	-	(1,747,057)	(1,893,365)
Impairment charge (Note 29)	-	(412)	-	(442,805)	(443,217)
Closing net book amount	404,616	481,549	127,099	9,796,480	10,809,744
As at 31 December 2019					
Cost	1,318,134	792,291	127,099	17,990,582	20,228,106
Accumulated amortisation and impairment	(913,518)	(310,742)	-	(8,194,102)	(9,418,362)
Net book amount	404,616	481,549	127,099	9,796,480	10,809,744
Year ended 31 December 2020					
Opening net book amount	404,616	481,549	127,099	9,796,480	10,809,744
Additions	71,446	263,076	-	4,153,847	4,488,369
Amortisation charge (Note 29)	(51,709)	(128,023)	-	(2,186,869)	(2,366,601)
Impairment charge (Note 29)	-	-	-	(662,164)	(662,164)
Disposals	(6,834)	(3,901)	-	-	(10,735)
Closing net book amount	417,519	612,701	127,099	11,101,294	12,258,613
As at 31 December 2020					
Cost	1,382,746	1,051,466	127,099	22,144,429	24,705,740
Accumulated amortisation and impairment	(965,227)	(438,765)	-	(11,043,135)	(12,447,127)
Net book amount	417,519	612,701	127,099	11,101,294	12,258,613

10. INTANGIBLE ASSETS (Continued)

- (a) Amortisation of the Group's intangible assets mainly charged to cost of sales.
- (b) Goodwill arose from acquisition of businesses:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Denway	90,299	90,299
Others	36,800	36,800
	127,099	127,099

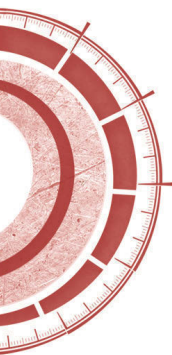
- (i) Goodwill is allocated to the vehicles and related operations segment, which is operated in Mainland China. Impairment testing is performed at each year end, and there was no material impairment for goodwill as at year end.

- (c) During the year ended 31 December 2020, the Group capitalised borrowing costs amounting to RMB60,950,000 (2019: RMB54,909,000) on qualifying assets (development costs). Borrowing costs were capitalised at rate of its general borrowings of 5.19% (2019: 5.19%).

11. 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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

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.

11.1 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.

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

11.1 INVESTMENTS IN JOINT VENTURES (Continued)

(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

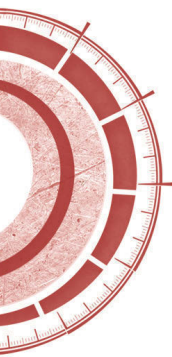
Note 1: GAC Honda, GAC Toyota, GAC FCA, GAC Mitsubishi, GAC Hino are companies manufacturing and selling automobiles and automotive parts, GAC SOFINCO is a company providing automotive financing services, and Wuyang-Honda is a company manufacturing and selling motorcycles and motorcycle parts. All of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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

11.1 INVESTMENTS IN JOINT VENTURES (Continued)

(c) Summarised financial information for joint ventures (Continued)

Summarised balance sheet

	As at 31 December 2020 RMB'000	2019 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

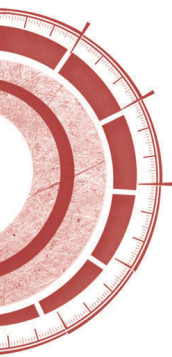
11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

11.1 INVESTMENTS IN JOINT VENTURES (Continued)

(c) Summarised financial information for joint ventures (Continued)

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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

11.1 INVESTMENTS IN JOINT VENTURES (Continued)

(c) Summarised financial information for joint ventures (Continued)

Set out below are the assets, liabilities, revenue and dividends of the material joint ventures of the Group:

Name of joint ventures	Assets		Liabilities		Revenue		Dividends received	
	As at 31 December		As at 31 December		Year ended 31 December		Year ended 31 December	
	2020	2019	2020	2019	2020	2019	2020	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
GAC Honda	49,364,408	44,697,440	39,121,552	35,192,313	118,427,184	105,711,443	3,570,027	3,170,453
GAC Toyota	51,126,057	42,413,233	33,022,394	26,733,071	110,758,496	98,054,270	4,802,616	3,222,567
GAC FCA	11,670,376	13,813,233	12,001,765	12,477,307	6,329,037	11,660,579	-	-
GAC Mitsubishi	10,544,439	10,648,201	7,688,141	6,922,310	9,708,132	17,861,884	-	-
GAC Hino	1,915,405	1,992,311	1,396,631	1,473,738	1,120,090	1,320,691	-	-
GAC SOFINCO	48,937,545	47,115,278	42,506,893	41,108,831	3,998,039	3,802,501	200,000	50,000
Wuyang-Honda	2,980,875	3,032,838	1,575,993	1,729,641	4,780,814	5,109,057	44,055	12,660
Total	176,539,105	163,712,534	137,313,369	125,637,211	255,121,792	243,520,425	8,616,698	6,455,680

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

11.1 INVESTMENTS IN JOINT VENTURES (Continued)

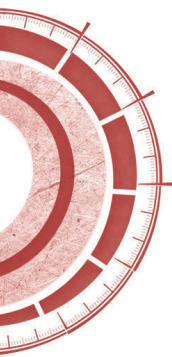
(c) Summarised financial information for joint ventures (Continued)

Reconciliation of share of the net assets to the carrying amount of the Group's interests in the material joint ventures:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Assets	176,539,105	163,712,534
Less: Liabilities	(137,313,369)	(125,637,211)
Non-controlling interests	(18,882)	(17,206)
Net assets excluding non-controlling interests	39,206,854	38,058,117
Percentage of ownership interest	50%	50%
Interests in material joint ventures	19,603,427	19,029,059
Goodwill	2,916,552	2,916,552
– GAC Mitsubishi	2,895,293	2,895,293
– Wuyang-Honda	21,259	21,259
Carrying amount of investments in material joint ventures	22,519,979	21,945,611

11.2 INVESTMENTS IN ASSOCIATES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Unlisted companies	8,749,243	8,137,579



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

11. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES (Continued)

11.2 INVESTMENTS IN ASSOCIATES (Continued)

(a) *Movements of investments in associates are set out as follows:*

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Beginning of the year	8,137,579	6,881,735
Additions (Note (i))	350,037	1,441,317
Disposals	–	(10,004)
Capital reduction	(52,680)	(17,861)
Share of profits	1,244,104	1,214,895
Share of addition in other reserves	2,470	3,566
Dividends declared	(932,267)	(1,376,069)
End of the year	8,749,243	8,137,579

(i) The additions in 2020 mainly represent the Group's additional capital contribution of RMB323,193,000 to GAC Toyota Engine Co., Ltd. in proportion to its interest held.

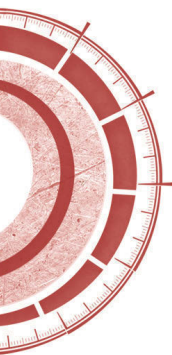
(b) *In the opinion of the board, there are no associates individually material to the Group. Set out below is the Group's share of associates' results:*

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Associates		
Profit	1,238,890	1,204,484
Other comprehensive loss	–	(409)
Total comprehensive income	1,238,890	1,204,075

(c) *Particulars of the Group's principal associates are set out in Note 5.*

12. FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Financial assets at amortised cost		
– Prepayments and long-term receivables (excluding prepayments) (Note 16)	4,342,527	2,914,290
– Trade and other receivables (excluding prepayments and value added tax recoverable) (Note 18)	17,418,048	13,675,873
– Time deposits (Note 19)	10,624,362	6,959,924
– Restricted cash (Note 20)	2,084,314	1,678,017
– Cash and cash equivalents (Note 21)	15,791,397	23,604,986
Financial assets at fair value through other comprehensive income (Note 14)	941,393	1,231,166
Financial assets at fair value through profit or loss (Note 15)	5,970,267	3,980,317
	57,172,308	54,044,573
Financial liabilities at amortised cost		
– Trade and other payables (excluding employee benefits payable, other taxes and government grants) (Note 25)	31,171,021	31,092,864
– Borrowings (Note 26)	14,977,384	13,860,551
Lease liabilities (Note 8)	1,512,541	1,408,643
Total	47,660,946	46,362,058



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. DEFERRED INCOME TAX

- (a) Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same taxation authority. The analysis of deferred tax assets and deferred tax liabilities is as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Deferred tax assets:	2,236,774	1,705,313
Set-off of deferred tax liabilities	(113,170)	–
Deferred tax assets – net	2,123,604	1,705,313
Deferred tax liabilities:	(251,202)	(183,136)
Set-off of deferred tax assets	113,170	–
Deferred tax liabilities – net	(138,032)	(183,136)

- (b) The net movements on the deferred income tax account are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
As at 1 January	1,522,177	901,098
Tax recognised in profit or loss (Note 34)	463,395	621,079
End of the year	1,985,572	1,522,177

13. DEFERRED INCOME TAX (Continued)

- (c) The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax assets	Impairment provision RMB'000	Accrued expenses and others RMB'000	Provisions RMB'000	Intangible asset amortisation RMB'000	Tax losses RMB'000	Total RMB'000
Year ended 31 December 2019						
Opening book amount	129,467	665,606	161,864	83,502	21,636	1,062,075
Recognised in profit or loss	70,349	(113,682)	70,104	40,232	576,235	643,238
Closing book amount	199,816	551,924	231,968	123,734	597,871	1,705,313
Year ended 31 December 2020						
Opening book amount	199,816	551,924	231,968	123,734	597,871	1,705,313
Recognised in profit or loss	85,530	301,640	(47,866)	78,641	113,516	531,461
Closing book amount	285,346	853,564	184,102	202,375	711,387	2,236,774

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. DEFERRED INCOME TAX (Continued)

- (c) The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows: (Continued)

Deferred tax liabilities	Accelerated taxation depreciation RMB'000	Revaluation of financial assets RMB'000	Fair value gains arisen from business combination RMB'000	Share of profit of associates RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2019						
Opening book amount	(96,818)	(2,776)	(24,088)	(37,289)	(6)	(160,977)
Recognised in profit or loss	(8,227)	(11,277)	4,442	(7,072)	(25)	(22,159)
Closing book amount	(105,045)	(14,053)	(19,646)	(44,361)	(31)	(183,136)
Year ended 31 December 2020						
Opening book amount	(105,045)	(14,053)	(19,646)	(44,361)	(31)	(183,136)
Recognised in profit or loss	(10,812)	(44,883)	(1,098)	(9,600)	(1,673)	(68,066)
Closing book amount	(115,857)	(58,936)	(20,744)	(53,961)	(1,704)	(251,202)

- (d) In accordance with the PRC tax law, tax losses may be carried forward against future taxable income for a period of five years. As at 31 December 2020, the Group did not recognise deferred tax assets in respect of losses amounting to RMB8,676,573,000 (2019: RMB7,460,746,000), as it is uncertain that future taxable profit will be available against which the tax losses can be utilised. These tax losses will expire between 2021 and 2025.

Expire year	Unused tax losses for which no deferred tax asset was recognised RMB'000
2021	1,796,151
2022	2,167,278
2023	504,047
2024	1,950,988
2025	2,258,109
	8,676,573

14. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

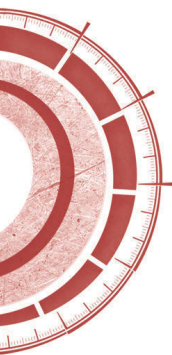
	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current assets		
Listed stock	630,703	497,550
Unlisted preference share	-	726,668
	630,703	1,224,218
Current assets		
Unlisted notes receivable	310,690	6,948
	941,393	1,231,166

(i) FVOCI of the Group comprise equity instruments which are not held for trading, and which the Group has irrevocably elected at initial recognition to recognise in this category. These are strategic investments and the Group considers this classification to be more relevant.

(ii) Amounts recognised in profit or loss and other comprehensive income

During the year, the following gains were recognised:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Gains recognised in other comprehensive income		
– Related to equity investments (Note 35)	133,153	8,974
Dividends from equity investments held at FVOCI recognised in other gains in profit or loss		
– Related to investments held at the end of the reporting period	18,251	19,040



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current assets		
Debt instrument		
Listed bond investments	590,403	662,117
Unlisted financial products	419,613	572,864
Unlisted preference share	848,526	–
	1,858,542	1,234,981
Equity instrument		
Listed stocks	195,008	114,724
Listed fund investments	109,916	45,018
Listed preference shares	598,678	587,424
Unlisted fund investments	1,021,473	611,373
Unlisted other equity investment	591,639	543,952
	2,516,714	1,902,491
Current assets		
Debt instrument		
Listed bond investments	126,996	70,119
Unlisted financial products	661,392	212,675
Unlisted trust products	94,164	148,871
	882,552	431,665
Equity instrument		
Unlisted fund investments	712,459	411,180
	5,970,267	3,980,317

(i) The Group classifies the following FVPL:

- debt investments that do not qualify for measurement at either amortised cost or FVOCI
- equity investments that are held for trading, and
- equity investments for which the entity has not elected to recognise fair value gains and losses through OCI.

15. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT AND LOSS (Continued)

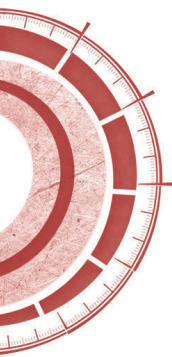
- (ii) Amounts recognised in profit or loss
During the year, the following gains were recognised in profit or loss:

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Fair value gains on equity investments at FVPL recognised in other gains-net (Note 31)	58,832	22,515
Fair value gains on debt instruments at FVPL recognised in other gains-net (Note 31)	233,860	72,839
	292,692	95,354

16. PREPAYMENTS AND OTHER LONG-TERM RECEIVABLES

	As at 31 December	
	2020 RMB'000	2019 RMB'000
Prepayments	713,750	1,226,563
Finance lease receivables (Note (a)) (Note 18(e))	1,969,136	1,017,757
Other loans and receivables	965,376	1,005,880
Loans receivable (Note 18(c))	1,472,465	950,000
	4,406,977	2,973,637
Less: provision for other long-term receivables	(64,450)	(59,347)
	5,056,277	4,140,853

- (a) As at 31 December 2020, certain bank borrowings (Note 26(a)) were secured by the Group's long-term receivables with the carrying value of approximately RMB1,617,311,000 (2019: RMB798,420,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

17. INVENTORIES

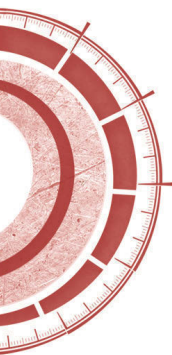
	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Raw materials and consumables	2,703,001	1,946,542
Work-in-progress	129,221	101,593
Finished goods and merchandise	3,956,033	5,032,157
	6,788,255	7,080,292
Less: provision for impairment	(166,675)	(152,462)
	6,621,580	6,927,830

The cost of inventories recognised as expenses and included in cost of sales amounted to RMB43,168,390,000 (2019: RMB43,909,642,000).

As at 31 December 2020, certain bank borrowings (Note 26(a)) and notes payable were secured by the Group's inventories with the carrying value of approximately RMB362,361,000 (2019: RMB443,335,000) and RMB604,913,000 (2019: RMB774,206,000), respectively.

18. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables (Notes (a) and (b))	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 (Note (c))	3,118,804	1,645,655
Entrusted loans (Note (d))	596,916	240,000
Value added tax recoverable	1,039,179	1,883,638
Prepayments	1,158,328	1,284,439
Dividends receivable (Note 41(b))	3,752,145	3,614,415
Finance lease receivables (Note (e))	2,283,633	1,127,573
Other receivables	1,464,420	1,340,760
	19,615,555	16,843,950



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. TRADE AND OTHER RECEIVABLES (Continued)

- (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

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9. As at 31 December 2020, a provision of RMB265,896,000 was made against the gross amounts of trade receivables (2019: RMB254,327,000).

- (b) Fair values of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

18. TRADE AND OTHER RECEIVABLES (Continued)

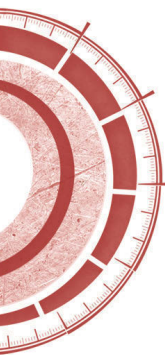
- (c) The balance represents loans to related parties and third parties in relation to provision of financing services by a subsidiary of the Group. The effective interest rate as at 31 December 2020 is 3.95% (2019: 3.71%-4.35%).

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Gross loan balance	4,654,687	2,623,364
Less: provision for impairment	(82,010)	(59,705)
	4,572,677	2,563,659
Less: current portion	(3,118,804)	(1,645,655)
Non-current portion	1,453,873	918,004

Movements of impairment allowances are as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
At 1 January	59,705	21,835
Provision for impairment loss	22,305	37,870
At 31 December	82,010	59,705

- (d) The entrusted loans are mainly provided to related parties through financial institutions, which will be due in 2021. The effective interest rate as at 31 December 2020 is 4.00% (2019: 4.35%).
- (e) Finance income on the net investment in the lease amounted to RMB331,428,000 in 2020 (2019: RMB295,313,000).



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

18. TRADE AND OTHER RECEIVABLES (Continued)

- (f) The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
RMB	19,511,111	16,727,847
USD	5,679	57,677
HKD	98,765	58,426
	19,615,555	16,843,950

19. TIME DEPOSITS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Denominated in:		
– RMB	10,070,487	6,488,974
– USD	553,875	466,366
– HKD	–	4,584
	10,624,362	6,959,924

The initial term of time deposits was over three months.

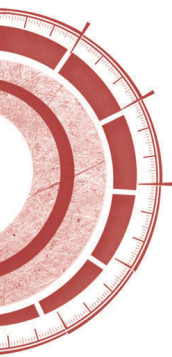
20. RESTRICTED CASH

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Deposits for letters of credit and bank notes	585,257	434,757
Security and other deposits	175,857	152,780
Mandatory reserve deposits with the People's Bank of China ("PBOC") (Note (a))	1,323,200	1,090,480
	2,084,314	1,678,017

- (a) A subsidiary of the Group is required to place mandatory reserve deposits with the PBOC for its provision of financing service. Those deposits with the PBOC are not available for use in the Group's daily operations.

The carrying amount of the Group's restricted cash are denominated in the following currencies:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
RMB	2,083,648	1,675,926
USD	666	-
HKD	-	2,091
	2,084,314	1,678,017



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

21. CASH AND CASH EQUIVALENTS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Denominated in:		
– RMB	15,546,190	23,126,628
– HKD	30,145	23,276
– USD	210,835	452,343
– JPY	4,217	1,736
– Others	10	1,003
	15,791,397	23,604,986

As at 31 December 2020 and 2019, the Group's cash and cash equivalents includes cash in hand, deposits held at call with banks and bank deposits with original maturities of three months or less.

- (a) As at 31 December 2020 and 2019, the Group's cash and cash equivalents, restricted cash (Note 20) and time deposits (Note 19) were deposited in financial institutions without significant credit risk. Detail ratings of these financial institutions, as published by Shanghai Purang Financial service Co., Ltd, are set out as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
AAA	28,264,213	32,213,149
AA+	183,192	2,349
Others and cash on hand	52,668	27,429
	28,500,073	32,242,927
Representing		
– 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
	28,500,073	32,242,927

22. SHARE CAPITAL

	RMB ordinary shares of		Foreign ordinary shares listed		Total	
	RMB1 each		outside mainland China of			
	Number of shares (thousands)	Share capital RMB'000	Number of shares (thousands)	Share capital RMB'000	Number of shares (thousands)	Share capital RMB'000
As at 31 December 2019	7,139,088	7,139,088	3,098,620	3,098,620	10,237,708	10,237,708
Employee share option scheme						
- Proceeds from share issued (Note 23)	111,766	111,766	-	-	111,766	111,766
Conversion of convertible bonds (Note 26 (g))	223	223	-	-	223	223
As at 31 December 2020	7,251,077	7,251,077	3,098,620	3,098,620	10,349,697	10,349,697

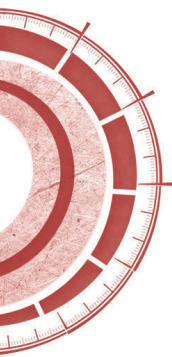
23. SHARE-BASED PAYMENTS

(a) Equity-settled share-based payment – the First A Share Options Scheme

According to the resolution of the extraordinary shareholders' meeting held on 19 September 2014, total 64,348,600 A Share Options ("SO-I") were granted to 620 individuals, including directors, senior management and selected key employees (the "SO-I Recipients"). Each share option represents the right granted to the SO-I Recipients to acquire one share of the Company at pre-determined exercise price and conditions in the validity period as set out in the First A Share Options Scheme. The grant date is 19 September 2014 (the "Grant Date I").

Each one third of the SO-I granted to the SO-I Recipients will become exercisable once per year in three years starting two years from the Grant Date I, subject to achieving the performance conditions as set out in the First A Share Options Scheme. The options have a contractual option term of five years starting from the Grant Date I. The Company has no legal or constructive obligation to purchase or settle the granted share options in cash.

The weighted average fair value of SO-I, as estimated at the Grant Date I, was RMB1.836 per share option. This was calculated using the Black-Scholes share option pricing model.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. SHARE-BASED PAYMENTS (Continued)

(a) Equity-settled share-based payment – the First A Share Options Scheme (Continued)

The first (the “Batch I SO-I”) and second (the “Batch II SO-I”) one third of the SO-I became exercisable on 19 September 2016 and 19 September 2017, respectively. Up to 31 December 2019, an accumulative total of approximately 36,314,000 units of the Batch I and Batch II SO-I were exercised by the SO-I Recipients. As at 31 December 2019, there are no outstanding options in Batch I and Batch II SO-I.

On 19 September 2018, the last one third of SO-I (“Batch III SO-I”) became exercisable. Up to 31 December 2019, an accumulative total of approximately 23,008,000 units of Batch III SO-I were exercised by the SO-I Recipients. The Company issued approximately 5,210,000 ordinary shares accordingly in 2019. As at 31 December 2019, there are no outstanding options in Batch III SO-I.

(b) Equity-settled share-based payment – the Second A Share Options Scheme

On 18 December 2017, according to the resolution of the extraordinary shareholders’ meeting, total 403,335,400 A Share Options (“SO-II Phase I”) were granted to 2,358 individuals, including directors, senior management and selected key employees (the “SO-II Phase I Recipients”). Each share option represents the right granted to the recipients to acquire one share of the Company at pre-determined exercise price and conditions in the validity period as set out in the Second A Share Options Scheme. The grant date is 18 December 2017 (the “Grant Date II”). The weighted average fair value SO-II Phase I, as estimated on the Grant Date II, was RMB3.85 per share option. This was calculated using the Black-Scholes share option pricing model.

On 18 May 2018, pursuant to a resolution of the Company’s general meeting of shareholders, 4 shares were issued for every 10 shares by way of conversion of share premium by the Company. Upon completion of the conversion, the Company’s outstanding share options were increased by 161,335,000 units.

On 17 December 2018, according to the resolution of the extraordinary shareholders’ meeting, an addition of total 62,336,900 A Share Options (“SO-II Phase II”) were granted to 457 employees (the “SO-II Phase II Recipients”) under the Second A Share Options Scheme. Each share option represents the right granted to the SO-II Phase II Recipients to acquire one share of the Company at pre-determined exercise price and conditions in the validity period as set out in the Second A Share Options Scheme. The grant date is 17 December 2018 (the “Grant Date III”). The weighted average fair value SO-II, as estimated on the Grant Date III, was RMB2.11 per share option. This was calculated using the Black-Scholes share option pricing model.

23. SHARE-BASED PAYMENTS (Continued)

(b) Equity-settled share-based payment – the Second A Share Options Scheme (Continued)

The exercise price of SO-II Phase I & II will be adjusted when there is transfer from capital surplus to paid-in capital, distribution of dividends, share split, allotment of shares and share consolidation etc.

Each one third of the options granted to the SO-II Phase I Recipients and SO-II Phase II Recipients will become exercisable once per year in three years starting two years from 18 December 2017 and 17 December 2018, respectively, subject to achieving the performance conditions as set out in the Second A Share Options Scheme. The options have a contractual option term of six years starting from the respective grant date. The Company has no legal or constructive obligation to purchase or settle the granted share options in cash.

Movements in the number of SO-II Phase I outstanding and their related weighted average exercise prices are as follows:

	2020		2019	
	Average exercise price in RMB per share option	Number of share options (thousands)	Average exercise price in RMB per share option	Number of share options (thousands)
At 1 January	19.55	514,545	19.88	564,670
Cancelled – Batch I of SO-II Phase I (Note (i))	19.37	(169,258)	–	–
Cancelled- Batch II of SO-II Phase I (Note (ii))	19.37	(172,640)	–	–
Forfeited – SO-II Phase I (Note (iii))	–	–	19.55	(50,125)
At 31 December	19.37	172,647	19.55	514,545

(i) On 18 December 2019, the first one third of SO-II Phase I (“Batch I SO-II Phase I”) became exercisable. As at 31 December 2020, no units of Batch I SO-II Phase I were exercised by the SO-II Recipients. Total 169,257,814 units of Batch I SO-II Phase I to 2,092 individuals was cancelled due to no exercise within exercisable period.

(ii) On 4 December 2020, pursuant to a resolution of the Company’s meeting of directors, as certain performance conditions were not achieved, 172,640,244 units of the second one third of SO-II Phase I (“Batch II SO-II Phase I”) were cancelled.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. SHARE-BASED PAYMENTS (Continued)

(b) Equity-settled share-based payment – the Second A Share Options Scheme (Continued)

(iii) 50,125,000 units of SO-II Phase I was forfeited in 2019 due to resignation or retirement of 282 individuals.

Movements in the number of SO-II Phase II outstanding and their related weighted average exercise prices are as follows:

	2020		2019	
	Average exercise price in RMB per share option	Number of share options (thousands)	Average exercise price in RMB per share option	Number of share options (thousands)
At 1 January	10.28	62,337	10.61	62,337
Exercised – Batch I of SO-II Phase II (Note (iv))	10.10	(9,665)	–	–
Forfeited – SO-II Phase II (Note (v))	10.10	(8,654)	–	–
At 31 December	10.10	44,018	10.28	62,337

(iv) On 17 December 2020, the first one third of SO-II Phase II (“Batch I SO-II Phase II”) became exercisable. As at 31 December 2020, 9,665,087 units of Batch I SO-II Phase II were exercised by the SO-II Recipients. Accordingly, share capital and share premium of the Company increased RMB9,665,000 and RMB87,953,000, respectively. At the same time, the Company derecognised the accumulative employee share option scheme reserve relating to exercised share options of RMB20,393,000 and transferred this amount to share premium.

(v) On 4 December 2020, pursuant to a resolution of the Company’s meeting of directors, 8,653,640 units of SO-II Phase II were forfeited due to resignation or retirement of 70 individuals

(c) Equity-settled share-based payment – the Third A Share Options Scheme and Restricted Share Incentive Scheme

According to the resolution of the extraordinary shareholders’ meeting held on 4 December 2020, total 102,101,330 A Share Options (“SO-III”) were granted to 2,872 individuals, including directors, senior management and selected key employees (the “SO-III Recipients”). The grant date is 4 December 2020 (the “Grant Date IV”).

According to the resolution of the extraordinary shareholders’ meeting held on 4 December 2020, total 102,101,330 Restricted Shares (“RS”) were granted to 2,872 individuals, including directors, senior management and selected key employees (the “RS Recipients”). The grant date is 4 December 2020 (the “Grant Date IV”).

23. SHARE-BASED PAYMENTS (Continued)

(c) Equity-settled share-based payment – the Third A Share Options Scheme and Restricted Share Incentive Scheme (Continued)

(i) *The Third A Share Options Scheme*

Each share option represents the right granted to the SO-III Recipients to acquire one share of the Company at pre-determined exercise price of RMB9.98 and conditions in the validity period as set out in the Third A Share Options Scheme (“SO-III Scheme”). The weighted average fair value of SO-III, as estimated at the Grant Date IV, was RMB4.98 per share option. This was calculated using the Black-Scholes share option pricing model. The significant inputs into the model are listed as follow:

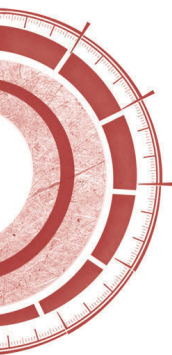
Exercise price determined at the Grant Date IV	RMB 9.98
Expected option life (years)	3.4 years
Share price at Grant Date IV	RMB 13.29
Estimated volatility of the share price	27.3308%
Estimated dividend yields	0%
Annual risk-free interest rate during the option life	3.0629%

The exercise price of SO-III will be adjusted when there is dividend payment, transfer from capital surplus to paid-in capital, distribution of dividends, share split, allotment of shares and share consolidation etc.

40%, 30% and 30% of the SO-III granted to the SO-III Recipients will become exercisable once per year in three years starting two years from the Grant Date III, subject to the Group achieving the performance conditions as set out in the SO-III Scheme. The option have a contractual option term of 5 years starting from the grant date. The Company has no legal or constructive obligation to purchase or settle the granted share options in cash.

(ii) *Restricted Share Incentive Scheme*

All restricted shares granted are subject to a lock-up period of 24 months commencing from the grant date, followed by an unlocking period of 1 to 3 years (three batches in proportion of 40%, 30% and 30% for each 12 months). During the lock-up period, the RS Recipients shall not possess the right of disposal, such that the shares shall not be transferred, used as collateral or used for debt repayment. After the lock-up period, RS Recipients will be entitled to the related shares provided that all of the required performance conditions are met and the RS Recipients are still in employment with the Company.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

23. SHARE-BASED PAYMENTS (Continued)

(c) Equity-settled share-based payment – the Third A Share Options Scheme and Restricted Share Incentive Scheme (Continued)

(ii) *Restricted Share Incentive Scheme (Continued)*

On 4 December 2020, the Company issued 102,101,330 restricted shares at a price of RMB4.99 and recorded an amount of RMB509,486,000 received from participants, which was included in other payables as equity incentive repurchase obligation of the Company. The weighted average fair value of restricted shares, as estimated at the Grant Date IV, was RMB8.30 per share. On 4 December 2020, as a result of the issuance of new shares, the Company's share capital (Note 22) and capital reserve increased by RMB102,101,000 and RMB407,385,000, respectively. Accordingly, the Company's treasury shares increased by RMB509,486,000. In addition, capital reserves increased by RMB26,483,000 due to the costs and expenses recognised during the vesting period of the current year.

- (d) Total expenses reversed in profit or loss for SO-II Phase I and Phase II in 2020 are RMB237,900,000 and total expenses recognised in profit or loss for SO-III and RS in 2020 are RMB42,372,000.

Total expenses recognised in profit or loss for SO-II Phase I and Phase II in 2019 was RMB158,980,000.

24. RESERVES

	Share premium	Capital reserve	Special reserve	General reserve	FVOCI reserve	Foreign currency translation	Employee share option scheme	Convertible bonds	Statutory surplus reserve fund	Total reserves	Retained earnings	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
As at 1 January 2019	30,622,548	(9,021,820)	22,714	341,631	268,620	(464)	589,193	240,942	3,817,298	28,880,662	39,490,695	66,371,357
Profit for the year	-	-	-	-	-	-	-	-	-	-	6,616,265	6,616,265
Appropriation to statutory surplus reserve fund (Note (i))	-	-	-	-	-	-	-	-	923,443	923,443	(923,443)	-
Dividend declared by the Company	-	-	-	-	-	-	-	-	-	-	(3,377,880)	(3,377,880)
Revaluation	-	-	-	-	8,974	-	-	-	-	8,974	-	8,974
Other currency translation differences	-	-	-	-	-	1,151	-	-	-	1,151	-	1,151
Employee share scheme	-	-	-	-	-	-	-	-	-	-	-	-
- Value of employee services	-	-	-	-	-	-	158,980	-	-	158,980	-	158,980
- Proceeds from shares issued	24,401	-	-	-	-	-	(6,834)	-	-	17,567	-	17,567
Transactions with non-controlling interests	138,640	-	-	-	-	-	-	-	-	138,640	-	138,640
Convertible bonds	-	-	-	-	-	-	-	-	-	-	-	-
- Conversion of convertible bonds	3	-	-	-	-	-	-	-	-	3	-	3
Others	-	6,378	9,387	-	(10)	(409)	-	-	-	15,346	-	15,346
As at 31 December 2019	30,785,592	(9,015,442)	32,101	341,631	277,584	278	741,339	240,942	4,740,741	28,144,766	41,805,637	69,950,403

24. RESERVES (Continued)

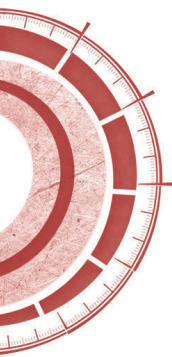
	Share premium RMB'000	Treasury stock RMB'000	Capital reserve RMB'000	Special reserve RMB'000	General reserve RMB'000	FVOCI reserve RMB'000	Foreign currency translation RMB'000	Employee share option scheme RMB'000	Convertible bonds RMB'000	Statutory surplus reserve fund RMB'000	Total reserves RMB'000	Retained earnings RMB'000	Total RMB'000
As at 1 January 2020	30,785,592	-	(9,015,442)	32,101	341,631	277,584	278	741,339	240,942	4,740,741	28,144,766	41,805,637	69,950,403
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	5,964,055	5,964,055
Appropriation to statutory surplus reserve fund (Note (i))	-	-	-	-	-	-	-	-	-	757,660	757,660	(757,660)	-
Appropriation to general reserve fund (Note (ii))	-	-	-	-	72,167	-	-	-	-	-	72,167	(72,167)	-
Dividend declared by the Company	-	-	-	-	-	-	-	-	-	-	-	(1,842,794)	(1,842,794)
Revaluation	-	-	-	-	-	133,153	-	-	-	-	133,153	-	133,153
Other currency translation differences	-	-	-	-	-	-	(5,128)	-	-	-	(5,128)	-	(5,128)
Employee share scheme (Note 23)	-	-	-	-	-	-	-	(195,528)	-	-	(195,528)	-	(195,528)
- Value of employee services	-	-	-	-	-	-	-	(20,393)	-	-	(14,148)	-	(14,148)
- Proceeds from shares issued	515,731	(509,486)	-	-	-	-	-	-	-	-	-	-	-
Transactions with non-controlling interests (Note 4)	(4,441)	-	-	-	-	-	-	-	-	-	(4,441)	-	(4,441)
Convertible bonds (Note 26(g))	3,257	-	-	-	-	-	-	-	(300)	-	2,957	-	2,957
- Conversion of convertible bonds	-	-	26,974	9,496	-	(22)	357	-	-	-	36,805	-	36,805
Others	-	-	-	-	-	(22)	357	-	-	-	36,805	-	36,805
As at 31 December 2020	31,300,139	(509,486)	(9,988,468)	41,587	413,798	410,715	(4,493)	525,418	240,642	5,498,401	28,928,263	45,097,071	74,025,334

(i) In accordance with the relevant rules and regulations in the PRC, except for Sino-foreign equity joint ventures, all PRC companies are required to transfer 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory surplus reserve fund, until the accumulated total of the fund reaches 50% of their registered capital. The statutory surplus reserve fund can only be used, upon approval by the relevant authority, to offset previous years' losses or to increase the capital of respective companies.

(ii) Pursuant to Caijin [2012] No. 20 Measures on General Provision for Financial Institutions, a subsidiary of the Group that is a financial institution sets up the general reserve fund to cover the potential loss related to risk assets.

25. 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 (Note (c))	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 (Note (b))	675,776	417,427
Treasury stock payable (Notes 23 and 24)	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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

25. TRADE AND OTHER PAYABLES (Continued)

- (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

- (b) Balances of other taxes include value-added tax payables, consumption tax payables and other taxes payable.
- (c) The balance represents deposits mainly placed by customers to a subsidiary of the Group in relation to its provision of financing service. The interest rate as at 31 December 2020 is adjusted to the prevailing savings interest rate published by the PBOC.
- (d) The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	As at 31 December 2020	2019
	RMB'000	RMB'000
RMB	34,460,213	33,860,335
HKD	38,920	19,008
USD	3,191	-
	34,502,324	33,879,343

26. BORROWINGS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current		
Borrowings from banks and other financial institutions		
– secured (Note (a))	578,106	416,419
– unsecured	2,300,777	1,437,159
	2,878,883	1,853,578
Convertible bonds (Note (h))	2,602,981	2,550,677
Corporate bonds – guaranteed (Notes (i))	2,991,309	2,987,685
Debentures – unsecured (Note (k))	–	299,682
Total non-current borrowings	8,473,173	7,691,622
Current		
Borrowings from banks and other financial institutions		
– secured (Note (a))	1,869,373	945,779
– unsecured	3,713,302	2,201,033
	5,582,675	3,146,812
Corporate bonds – guaranteed (Notes (j))	–	2,245,284
Debentures – unsecured (Note (k))	299,847	306,979
Entrusted loans from related parties – unsecured	70,000	70,000
Short-term debentures – unsecured (Notes (l))	399,980	399,854
Interest payables	151,709	–
Total current borrowings	6,504,211	6,168,929
Total borrowings	14,977,384	13,860,551

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. BORROWINGS (Continued)

- (a) As at 31 December 2020, the Group's borrowings were secured by the Group's certain property, plant and equipment, restricted cash, inventories, trade receivables and long-term receivables.
- (b) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	As at 31 December 2020 RMB'000	2019 RMB'000
Within 1 year	11,559,762	9,701,827
Between 1 and 5 years	3,417,622	4,158,724
	14,977,384	13,860,551

- (c) The maturities of the Group's total borrowings at respective balance sheet dates are set out as follows:

	As at 31 December 2020		As at 31 December 2019	
	Bank borrowings RMB'000	Others RMB'000	Bank borrowings RMB'000	Others RMB'000
Within 1 year	5,582,675	921,536	3,216,812	2,952,117
Between 1 and 2 years	1,941,979	2,602,981	1,305,165	299,682
Between 2 and 5 years	932,454	2,991,309	548,413	5,538,362
Over 5 years	4,450	-	-	-
	8,461,558	6,515,826	5,070,390	8,790,161

- (d) The carrying amounts of the Group's borrowings are all denominated in RMB.
- (e) The weighted average effective interest rates at the respective balance sheet dates are set out as follows:

	As at 31 December 2020	2019
Borrowings from banks and other financial institutions	4.35%	5.13%
Corporate bonds	5.23%	5.12%
Debentures	4.56%	4.84%
Convertible bonds	2.98%	2.98%
Entrusted loans	2.25%	2.25%
Short-term debentures	2.16%	3.25%

26. BORROWINGS (Continued)

- (f) As at 31 December 2020, the fair value of the non-current borrowings is RMB8,526,269,000 (2019: RMB7,906,630,000). The fair values of the Group's current borrowings approximate to their carrying amounts.
- (g) The Group has complied with the financial covenants of its borrowing facilities during the years ended 31 December 2020 and 2019.
- (h) Convertible bonds

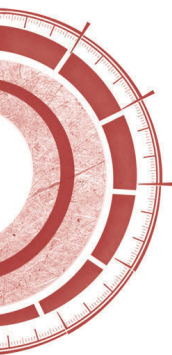
On 22 January 2016, the Group issued 41,055,800 units of convertible bonds at a total par value of RMB4,105,580,000, with an interest rate of 0.20% in the first year, 0.50% in the second year, 1.00% in the third year, 1.50% in the fourth year, 1.50% in the fifth year and 1.60% in the sixth year. The bonds mature six years from the issue date at their par value of RMB4,105,580,000 or can be converted into shares at the holder's option. At the time of issuance, after netting of transaction cost of RMB44,546,000 (transaction cost was allocated proportionally to liability component and equity component of convertible bonds), the Company determined the value of the liability component (RMB3,672,418,000) and the equity component (RMB387,578,000). The fair value of the liability component of convertible bonds included in non-current borrowings was calculated using a market interest rate for equivalent non-convertible bonds. The liability component is subsequently stated at amortised cost until the bonds are converted to shares or the maturity of the bonds. The residual amount, representing the value of the equity component, is included in other reserves of shareholders' equity.

The conversion price of convertible bonds will be adjusted upon occurrence of issuance of bonus shares, transfer of reserve to share capital, issuance of new shares (excluding issue of new shares upon conversion of convertible bonds), share allotment and distribution of cash dividends. As at 31 December 2020, the conversion price has been adjusted to RMB14.23 per share (2019: RMB14.41 per share).

The convertible bonds recognised in the consolidated balance sheet is calculated as follows:

	RMB'000
Liability component at 1 January 2019	2,496,398
Conversion of convertible bonds	(4)
Interest expense	91,832
Interest included in trade and other payables	(37,549)
Liability component at 31 December 2019	2,550,677
Liability component at 1 January 2020	2,550,677
Conversion of convertible bonds	(3,180)
Interest expense	93,733
Interest payables	(38,249)
Liability component at 31 December 2020	2,602,981

In 2020, certain convertible bond holders partially converted the convertible bonds in the principal amount of RMB3,180,000 into shares of the Company. The Company allotted and issued a total of 222,859 shares to such convertible bond holders at a conversion price from RMB14.23 to RMB14.41 per share. Upon the conversion, the Company derecognised the liability component of RMB3,180,000 and transferred this amount with equity component (convertible bonds reserve) into share capital and share premium.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

26. BORROWINGS (Continued)

- (i) In March 2013, the Company issued ten-year period corporate bonds with par value of RMB3,000,000,000 at the weighted average effective interest rate of 5.23% per annum. The related interest is payable on an annual basis. These corporate bonds will be fully redeemed at par in March 2023, and are with a full-amount, unconditional, irrevocable and jointly-liability guarantee by GAIG.
- (j) In January 2015, the Company issued five-year period corporate bonds with par value of RMB2,000,000,000 at the weighted average effective interest rate of 4.95% per annum. The related interest is payable on an annual basis. These corporate bonds have been fully redeemed at par in January 2020.
- (k) In November 2018, the Company issued debentures with principals of RMB300,000,000 at the weighted average effective interest rate of 4.56%. The related interest is payable on an annual basis. These debentures will be fully redeemed at par on 23 November 2021. The net proceeds of these debentures, after deducting the transaction costs, amounted to RMB299,508,000.
- (l) In May 2020, GAC Business issued 270-days period debentures with principals of RMB400,000,000 at the effective interest rate of 2.16% per annum. These debentures will be fully redeemed at par on 19 February 2021. The net proceeds of these short-term debentures, after deducting the transaction costs, amounted to RMB399,910,000.

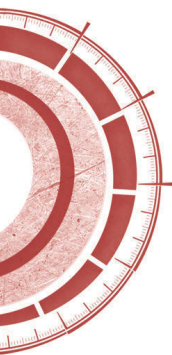
27. PROVISIONS

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Non-current		
Warranty provisions (Note (i))	595,514	1,013,136
Other provisions	7,065	1,640
Total non-current provisions	602,579	1,014,776
Current		
Warranty provisions (Note (i))	262,467	–
Total provisions	865,046	1,014,776

- (i) Provision for product warranties granted by the Group for certain products is recognised based on sales volume and past experience of the level of repairs and returns, discounted to their present value as appropriate.

28. GOVERNMENT GRANTS

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Beginning of the year	2,795,975	3,262,220
Increase in grant	245,133	192,744
Amount recognised in profit or loss	(485,283)	(658,989)
End of the year	2,555,825	2,795,975



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

29. PROFIT BEFORE INCOME TAX

The Group's profit before income tax is arrived at after charging/(crediting):

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Raw materials and consumables used	42,138,654	44,234,629
Changes in inventories of finished goods, merchandise and work-in-progress	1,029,736	(324,987)
Depreciation and amortisation (Notes 7, 8, 9 and 10)	5,110,394	4,283,666
Impairment charges of property, plant and equipment (Note 7)	5,609	81,998
Impairment charges of intangible assets (Note 10)	662,164	443,217
Impairment charges of inventories	47,938	30,183
Taxes and levies	1,363,862	1,355,523
Transportation and traveling expenses	1,830,886	2,258,261
Advertising costs	1,867,465	2,231,640
Warranty expenses	517,614	1,130,113
Amortisation of government grants (Note 28)	(485,283)	(658,989)
Operating lease expenses (Note 8(b))	16,706	29,006
Auditors' remuneration		
—Audit service	12,436	11,485
—Non-audit service	7,407	7,586

For the Year ended 31 December 2020, the Group recognised research and development expenditure of RMB3,074,504,000 (2019: RMB2,706,419,000) as cost of sales and administrative expenses in the profit or loss, including current year expensed research costs of RMB887,635,000 (2019: RMB959,362,000) and amortisation of capitalised development costs of RMB2,186,869,000 (2019: RMB1,747,057,000) (Note 10).

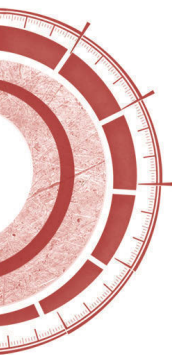
For the information of employee benefit expenses, please refer to Note 30.

30. EMPLOYEE BENEFIT EXPENSES

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Wages and salaries	6,674,332	6,284,753
Defined benefits and other social security costs (Note (a))	744,115	963,993
(Reversal)/recognition of share-based compensation expenses for SO-II (Notes 23)	(237,900)	158,980
Share-based compensation recognised for the Third A Share Options Scheme and Restricted Shares Incentive Scheme (Notes 23)	42,372	–
Housing benefits (Note (b))	521,697	471,609
Welfare, medical and other expenses	536,111	636,038
	8,280,727	8,515,373

- (a) The Group's employees in the PRC are covered by certain defined contribution pension schemes regulated by the relevant municipal and provincial governments in the PRC, pursuant to which the municipal and provincial governments undertake to assume the retirement benefit obligations payable to all existing and retired employees. The contributions to the scheme are expensed as incurred.

The Group operates defined benefit pension plan and post-employment medical plans for certain employees. Expenses are recognised when employees have rendered services entitling them to the contribution. During the year ended 31 December 2020, a provision of RMB83,840,000 was recognised related to defined benefit pension plan and post-employment medical plans.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. EMPLOYEE BENEFIT EXPENSES (Continued)

- (a) The significant actuarial assumptions for the defined benefit pension plan and post-employment medical plans were as follows:

Discount rate	3.25%
Growth rate of post-employment medical plan	2.0%
Growth rate of pension	4.0%
Death rate	China life Insurance life expectancy(2010-2013)

- (b) The Group's contributions to the defined contribution housing fund scheme administered by a government agency are determined at a certain percentage of the salaries of the employees. The contributions to the scheme are expensed as incurred.

- (c) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2020 include 2 directors and supervisors (2019: 5 directors and supervisors) whose emoluments are reflected in the analysis presented in Note 43. The emoluments to the remaining 3 (2019: Nil) individuals during the year are as follows:

	Year ended 31 December 2020 RMB'000
Basic salaries, housing fund and other allowances	3,327
Employer's contributions to a retirement benefit scheme	226
Discretionary Bonuses	2,521
	6,074

30. EMPLOYEE BENEFIT EXPENSES (Continued)

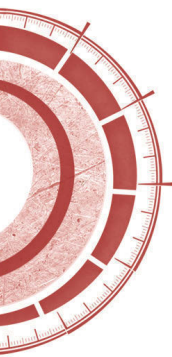
(c) Five highest paid individuals (Continued)

The number of non-directors/non-supervisors, highest paid employees whose remuneration fell within the following bands are as follows:

	Number of employees 2020
RMB2,000,001 – 2,500,000	3

31. OTHER GAINS – NET

	Year ended 31 December	
	2020	2019
	RMB'000	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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

32. INTEREST INCOME

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest income from time deposits	291,210	278,549
Interest income from restricted cash and cash and cash equivalents	127,551	171,565
Interest income from entrusted loans	13,023	12,145
	431,784	462,259

33. FINANCE COSTS

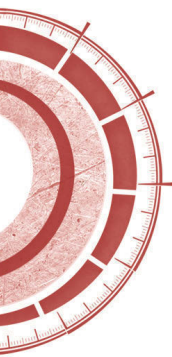
	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest expense	440,559	521,299
Interest expense on lease liabilities	76,154	59,503
Interest capitalised in qualifying assets	(77,146)	(64,321)
	439,567	516,481

34. INCOME TAX CREDIT

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Current income tax	107,405	203,893
Deferred tax (Note 13)	(463,395)	(621,079)
	(355,990)	(417,186)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the average tax rate applicable to profits of the consolidated entities as follows:

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit before income tax	5,691,961	6,291,671
Notional tax on profit before income tax, calculated at the rates applicable to profits in the tax jurisdictions concerned (Note(i))	1,512,261	1,801,795
Share of profit of joint ventures and associates	(2,383,145)	(2,342,764)
Fair value gains on financial assets at fair value through profit or loss	(32,757)	(7,232)
Expenses not deductible for corporate income tax	66,061	38,588
Utilisation of previously unrecognised tax losses	(21,899)	(274,478)
Unused tax losses and deductible temporary differences for which no deferred tax asset was recognised	585,871	431,765
Super deduction of research and development expenses	(82,382)	(64,860)
Income tax credit	(355,990)	(417,186)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

34. INCOME TAX CREDIT (Continued)

- (i) 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.

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

35. OTHER COMPREHENSIVE INCOME, NET OF TAX

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Change in fair value of FVOCI	133,153	8,974
Exchange difference 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)
	128,360	9,706

36. 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.

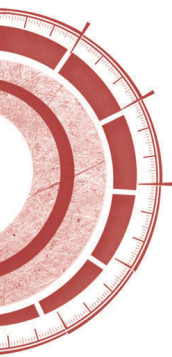
	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Profit attributable to owners of the Company	5,964,055	6,616,265
Weighted average number of ordinary shares in issue (thousands)	10,238,230	10,235,610
Basic earnings per share (RMB per share)	0.58	0.65

36. EARNINGS PER SHARE (Continued)

(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



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

37. DIVIDENDS

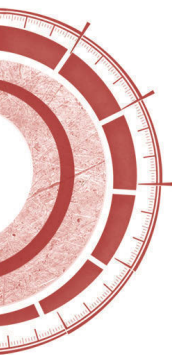
	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Interim dividend paid of RMB0.03 (2019: RMB0.05) per ordinary share	307,138	511,885
Proposed final dividend of RMB0.15 (2019: RMB0.15) per ordinary share	1,552,649	1,535,656
	1,859,787	2,047,541

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.

38. CASH FLOWS INFORMATION

(a) Cash generated from operations

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Profit for the year	6,047,951	6,708,857
Adjustments for:		
– Income tax credit (Note 34)	(355,990)	(417,186)
– Depreciation (Notes 7, 8 and 9)	2,743,793	2,390,301
– Amortisation (Notes 10)	2,366,601	1,893,365
– Amortisation of government grants related to assets (Note 28)	(485,283)	(658,989)
– Impairment provision	770,821	609,229
– Losses/(gains) on disposal of property, plant and equipment and intangible assets (Note 31)	48,176	(8,895)
– Interest income (Note 32)	(431,784)	(462,259)
– Finance costs (Note 33)	439,567	516,481
– Gains on disposals of joint ventures and associates (Note 31)	(7,403)	(22,493)
– Foreign exchange losses/(gains) on cash and cash equivalents	26,558	(26,152)
– Share of profit of joint ventures and associates (Note 11)	(9,570,978)	(9,399,343)
– Net investment income relating to financial assets (Note 31)	(319,380)	(191,875)
– Fair value gains on financial assets at fair value through profit or loss (Note 31)	(292,692)	(95,354)
Changes in working capital (excluding the effects of exchange differences on consolidation):		
– Inventories	255,076	(295,308)
– Trade and other receivables	(3,054,820)	(1,223,579)
– Restricted cash	(406,297)	1,527,622
– Trade and other payables	(445,702)	(2,295,681)
– Contract liabilities	(35,898)	193,061
– Provisions	(149,730)	340,220
– Financial assets at fair value through profit or loss	(27,010)	(1,199,583)
– Financial assets at fair value through other comprehensive income	(303,741)	–
Cash used in operations	(3,188,165)	(2,117,561)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

38. CASH FLOWS INFORMATION (Continued)

(b) Non-cash transaction

Non-cash transaction of acquisition of right-of-use assets is disclosed in Note 8.

(c) Reconciliation of liabilities

The reconciliation of liabilities arising from financing activities is as follows:

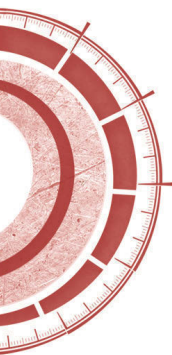
	Liabilities from financing activities					Total RMB'000
	Borrowings due within 1 year RMB'000	Borrowings due after 1 year RMB'000	Trade and other payables- assets sold under agreements to repurchase RMB'000	Trade and other payables- other payables RMB'000	Leases liabilities RMB'000	
As at 1 January 2020	(6,168,929)	(7,691,622)	(252,235)	(104,759)	(1,408,643)	(15,626,188)
Financing cash flows	2,627,205	(3,125,209)	150,143	(24,259)	238,952	(133,168)
Others	(258,596)	-	-	-	76,154	(182,442)
Reclassification	(2,400,089)	2,400,089	-	-	-	-
Non-cash changes:						
-Interest charge	(303,802)	(59,611)	-	-	(76,154)	(439,567)
-Conversion of convertible bonds	-	3,180	-	-	-	3,180
-Acquisition of right-of-use assets	-	-	-	-	(343,047)	(343,047)
-Disposals of right-of-use assets	-	-	-	-	197	197
As at 31 December 2020	(6,504,211)	(8,473,173)	(102,092)	(129,018)	(1,512,541)	(16,721,035)

38. CASH FLOWS INFORMATION (Continued)

(c) Reconciliation of liabilities (Continued)

The reconciliation of liabilities arising from financing activities is as follows: (Continued)

	Liabilities from financing activities					Total RMB'000
	Borrowings due within 1 year RMB'000	Borrowings due after 1 year RMB'000	Trade and other payables- assets sold under agreements to repurchase RMB'000	Trade and other payables- other payables RMB'000	Leases liabilities RMB'000	
As at 1 January 2019	(3,122,586)	(9,611,461)	(378,955)	(119,964)	(361,120)	(13,594,086)
Financing cash flows	670,481	(1,643,264)	126,720	15,205	194,192	(636,666)
Others	362,756	-	-	-	-	362,756
Reclassification	(3,620,981)	3,620,981	-	-	-	-
Non-cash changes:						
-Interest charge	(458,599)	(57,882)	-	-	-	(516,481)
-Conversion of convertible bonds	-	4	-	-	-	4
-Acquisition of right-of-use assets	-	-	-	-	(1,241,715)	(1,241,715)
As at 31 December 2019	(6,168,929)	(7,691,622)	(252,235)	(104,759)	(1,408,643)	(15,626,188)



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. COMMITMENTS

(a) Capital commitments

The capital commitments as at each of the balance sheet dates during the year are as follows:

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Property, plant and equipment		
– Contracted but not provided for	1,872,340	1,054,365
– Authorised but not contracted for	660,650	1,233,384
	2,532,990	2,287,749
Intangible assets		
– Contracted but not provided for	10,313	12,880
– Authorised but not contracted for	2,219,433	2,754,435
	2,229,746	2,767,315
Investments		
– Authorised but not provided for (Notes (i), (ii) and (iii))	1,107,075	1,402,920
	5,869,811	6,457,984

- (i) In 2016, the Board of Directors of the Company approved an additional capital contribution of RMB360,000,000 to GAC FCA, according to the proportion of shares. Up to 31 December 2020, none of the amount has been paid.
- (ii) In 2017, the Board of Directors of the Company approved an additional capital contribution to GAC Mitsubishi, with an amount of RMB79,470,000 and RMB266,605,000, respectively, according to the proportion of shares. Up to 31 December 2020, none of the amount has been paid.
- (iii) In 2019, the Board of Directors of the Company approved an additional capital contribution to GAC Toyota with an amount of USD37,855,000 (equivalent to RMB260,890,000) and USD20,330,000 (equivalent to RMB140,110,000), respectively, according to the proportion of shares. Up to 31 December 2020, none of the amount has been paid.

39. COMMITMENTS (Continued)

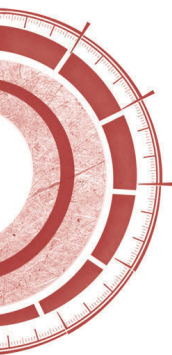
(b) Non-cancellable operating leases

The investment properties and certain property, plant and equipment are leased to tenants under operating leases with rentals payable monthly. For details of the leasing arrangements of investment properties, refer to Note 9.

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Minimum lease payments receivable on leases of investment properties and certain property, plant and equipment are as follows:		
Within 1 year	267,907	240,182
Between 1 and 2 years	224,473	194,715
Between 2 and 3 years	196,717	23,196
Between 3 and 4 years	178,594	13,595
Between 4 and 5 years	3,684	7,491
Later than 5 years	1,365	6
	872,740	479,185

The Group leases various properties, vehicles, offices and other equipment under non-cancellable operating leases expiring within 6 months to 20 years. The leases have varying terms and renewal rights. On renewal, the terms of the leases are renegotiated.

From 1 January 2019, the Group has recognised right-of-use assets for these leases, except for short-term and low-value leases, see Note 6 and Note 8 for further information.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

39. COMMITMENTS (Continued)

(b) Non-cancellable operating leases (Continued)

As at 31 December 2020, the Group's future aggregate minimum lease payments of leases not yet commenced to which the Group is committed are listed as follows:

	As at 31 December 2020 RMB'000
Within 1 year	1,143
Between 1 and 5 years	5,174
Over 5 years	463
	6,780

40. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

During the year ended 31 December 2020, the Group acquired additional equity interests of a non-wholly owned subsidiary, Chengdu Changyuan Automotive Selling Corporation ("Chengdu Changyuan"), from a third party investor at a consideration of RMB19,575,000. Immediately after the equity acquisition, the Group's equity interests in Chengdu Changyuan increased from 55% to 100%. Taking into account the effect of the transaction, the Group recognised a decrease of RMB4,441,000 in share premium and RMB15,134,000 in non-controlling interests.

During the year ended 31 December 2019, the Group and a third party investor subscribed for additional shares issued by a non-wholly owned subsidiary, Urtrust Insurance, at considerations of RMB636,300,000 and RMB916,575,000, respectively. Immediately after the share subscription, the Group's equity interest in Urtrust Insurance decreased from 60% to 53.55%. In addition, the Company disposed of its directly held equity interest of 50.2% in another non-wholly owned subsidiary, Guangai Insurance Brokers Ltd., to Urtrust Insurance. After taking into account the effect of these two transactions, the Group recognised an increase of RMB138,640,000 in other reserves attributable to owners of the Company and a decrease of RMB138,640,000 in non-controlling interests.

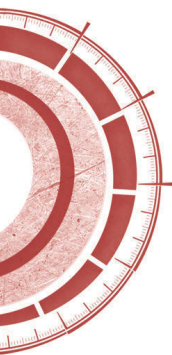
41. RELATED PARTY TRANSACTIONS

Related parties are those parties that have the ability to control the other party or exercise significant influence in making financial and operating decisions. Parties are also considered to be related if they are subject to common control. The Group is subject to the control of the PRC Government.

In accordance with HKAS 24 “Related Party Disclosures”, other state-owned enterprises and their subsidiaries, directly or indirectly controlled by the PRC Government (“state-owned enterprises”) are regarded as related parties of the Group.

In addition to the related party information shown elsewhere in the consolidated financial statements, the following is a summary of significant related party transactions entered into in the ordinary and usual course of business and balances between the Group and its related parties, during the year.

These transactions were conducted in the ordinary and usual course of business in accordance with terms agreed between the Group and its related parties.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. RELATED PARTY TRANSACTIONS (Continued)

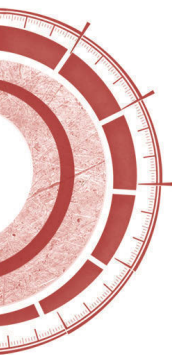
(a) Significant related party transactions

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Sales of goods		
Sales of automotive parts and steels		
– Joint ventures	2,867,907	2,618,828
– Associates	118,338	65,141
– Subsidiaries of GAIG	303	–
	2,986,548	2,683,969
Sales of passenger vehicles		
– Joint ventures	283,318	135,725
– Associates	11,594	297
– Subsidiaries of GAIG	–	441
	294,912	136,463
Sales of production facility		
– Joint ventures	–	69,351
	3,281,460	2,889,783
Loan interest from related parties		
– Joint ventures	158,935	42,114
– Associates	1,684	2,015
	160,619	44,129

41. RELATED PARTY TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Rendering of labour and insurance services		
– Joint ventures	1,022,758	1,354,737
– Associates	670,638	560,401
– GAIG	90	99
– Subsidiaries of GAIG	365	354
	1,693,851	1,915,591
Income of trustee management of equity assets		
– GAIG (Note (i))	23,809	22,250
Purchases of goods		
Purchases of automotive parts and materials		
– Joint ventures	754,712	1,199,353
– Associates	974,269	689,999
– GAIG	–	3
	1,728,981	1,889,355
Purchases of passenger vehicles		
– Joint ventures	10,538,066	9,077,429
– Associates	3,605	–
	10,541,671	9,077,429
	12,270,652	10,966,784



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

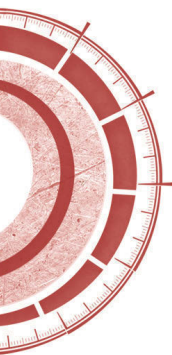
41. RELATED PARTY TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest on customer deposits		
– Joint ventures	106,481	107,343
– Associates	16,226	14,712
	122,707	122,055
Purchases of labour services and settlement of insurance claims		
– Joint ventures	43,572	52,860
– Associates	41,628	85,798
– Subsidiaries of GAIG	47,359	52,373
	132,559	191,031
Provision of entrusted loans to related parties		
– Joint ventures	1,008,294	240,000
– Associates	7,350	–
	1,015,644	240,000
Rental from related parties		
– Joint ventures	257,509	237,735
– Associates	807	660
– Subsidiaries of GAIG	12,095	15,082
	270,411	253,477

41. RELATED PARTY TRANSACTIONS (Continued)**(a) Significant related party transactions (Continued)**

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Interest charges for lease liabilities to related parties		
– Joint ventures	614	844
– GAIG	843	1,236
– Subsidiaries of GAIG	510	617
	1,967	2,697
Rental of right-of-use assets to related parties		
– Joint ventures	21,276	21,524
– GAIG	31,786	33,287
– Subsidiaries of GAIG	13,738	15,239
	66,800	70,050
Repayment of entrusted loans from related parties		
– Joint ventures	500,000	180,000
– Associates	–	9,400
	500,000	189,400
Entrusted loan interest from related parties		
– Joint ventures	12,339	10,038
– Associates	–	190
	12,339	10,228



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

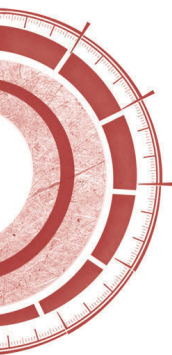
41. RELATED PARTY TRANSACTIONS (Continued)

(a) Significant related party transactions (Continued)

	Year ended 31 December	
	2020 RMB'000	2019 RMB'000
Entrusted loans from a related party		
– A joint venture	70,000	–
– An associate	–	70,000
	70,000	70,000
Repayment of entrusted loans to a related party		
– An associate	70,000	100,000
Entrusted loan interest to related parties		
– A joint venture	1,457	–
– An associate	–	1,554
	1,457	1,554
Borrowings from a related party		
– A joint venture	2,128,363	2,476,250
Repayment of borrowings to a related party		
– A joint venture	2,090,901	2,506,313
Borrowing interest to a related party		
– A joint venture	9,654	14,290

41. RELATED PARTY TRANSACTIONS (Continued)**(a) Significant related party transactions (Continued)**

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Loans to related parties		
– Joint ventures	4,637,462	4,261,400
– Associates	38,500	59,701
	4,675,962	4,321,101
Repayment of loans from related parties		
– Joint ventures	3,408,225	2,232,895
– Associates	26,631	90,090
	3,434,856	2,322,985
Guarantee fees to a related party		
– GAIG	3,000	5,000
Sales of intangible assets and property, plant and equipment		
– Joint ventures	189,389	22,271



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

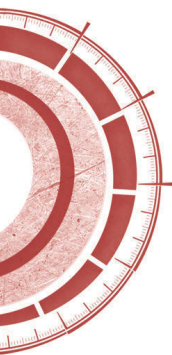
41. RELATED PARTY TRANSACTIONS (Continued)

(b) Significant balances with related parties

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade receivables		
– Joint ventures	937,224	652,947
– Associates	138,993	24,102
– GAIG	–	7
– Subsidiaries of GAIG	–	1
	1,076,217	677,057
Interest receivable		
– Joint ventures	21,456	6,837
– Associates	43	30
	21,499	6,867
Other receivables and prepayments		
– Joint ventures	569,688	509,182
– Associates	2,919	603
– GAIG	26,824	21,233
– Subsidiaries of GAIG	1,300	1,686
	600,731	532,704
Dividend receivable		
– Joint ventures	3,752,145	3,588,956
– Associates	–	25,459
	3,752,145	3,614,415

41. RELATED PARTY TRANSACTIONS (Continued)**(b) Significant balances with related parties (Continued)**

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Notes receivable		
-Joint ventures	50,080	14,259
Entrusted loans due from		
- Joint ventures	582,599	240,000
Loans to related parties – current (Note (ii))		
- Joint ventures	2,931,961	1,621,503
- Associates	30,930	24,152
	2,962,891	1,645,655
Loans to related parties – non current (Note (ii))		
- Joint ventures	831,617	918,004
- Associates	5,264	–
	836,881	918,004
Long-term receivables		
- Joint ventures	–	3,590
- Associates	72,115	115
	72,115	3,705



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

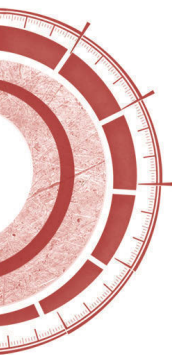
41. RELATED PARTY TRANSACTIONS (Continued)

(b) Significant balances with related parties (Continued)

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Trade payables		
– Joint ventures	139,216	211,210
– Associates	395,264	401,927
– Subsidiaries of GAIG	8	8
	534,488	613,145
Other payables		
– Joint ventures	28,021	31,951
– Associates	11,786	8,076
– GAIG	504,731	504,731
– Subsidiaries of GAIG	3,444	696
	547,982	545,454
Contract liabilities		
– Joint ventures	45,817	60,106
– Associates	12,788	6,012
– GAIG	–	2
– Subsidiaries of GAIG	–	38
	58,605	66,158
Notes payable		
– Joint ventures	880,231	421,015

41. RELATED PARTY TRANSACTIONS (Continued)**(b) Significant balances with related parties (Continued)**

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Customer deposits		
– Joint ventures	6,149,280	7,445,849
– Associates	1,466,974	1,080,180
	7,616,254	8,526,029
Short-term borrowings		
– A joint venture (Note (iii))	342,698	306,210
Long-term borrowings		
– A joint venture (Note (iii))	974	–
Entrusted loans due to		
– A joint venture	70,000	–
– An associate	–	70,000
	70,000	70,000
Interest payable		
– Joint ventures	7,353	7,093
– Associates	6,146	2,689
	13,499	9,782



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. RELATED PARTY TRANSACTIONS (Continued)

(b) Significant balances with related parties (Continued)

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
Lease liabilities		
– Joint ventures	11,169	20,829
– Associates	15	–
– GAIG	15,652	25,303
– Subsidiaries of GAIG	10,265	12,202
	37,101	58,334

- (i) On 11 November 2017, the Board of Directors of the Company passed a resolution in relation to the Company being entrusted by its controlling shareholder GAIG to manage certain equity investments held by GAIG. The period of the entrusted management is three years. The annual management fee is made up of basic and floating portions, with an annual limit of RMB49,000,000.
- (ii) As at 31 December 2020, the Group recorded provision of RMB64,164,000 for joint ventures and RMB535,000 for associates for impairment of loans relating to financing services to related parties (2019: RMB58,998,000 and RMB707,000).
- (iii) Borrowings from a joint venture, which is a financial institution, are interest bearing. As at 31 December 2020, borrowings from a joint venture were secured by the Group's inventories with carrying value of approximately RMB219,059,000 (2019: RMB273,515,000).

41. RELATED PARTY TRANSACTIONS (Continued)

(c) Commitments for related parties

As at 31 December 2020, the bill acceptance provided by the Group to joint ventures amounted to approximately RMB50,603,000 (2019: RMB24,358,000).

(d) Key management compensation

	Year ended 31 December	
	2020	2019
	RMB'000	RMB'000
Salaries and other short-term employee benefits	23,668	18,373

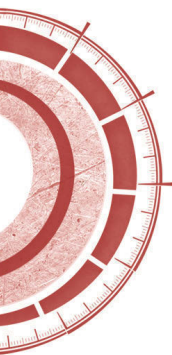
In addition, net expense reversed in the consolidated statement of comprehensive income for share options and restricted shares granted to the key management for the year ended 31 December 2020 is RMB3,876,000.

Expense recognised in the consolidated statement of comprehensive income for share options granted to the key management for the year ended 31 December 2019 was RMB3,661,000.

(e) Transactions and balances with other state-owned enterprises in the PRC

The Group operates in an economic environment predominated by state-owned enterprises. During the year, the Group had transactions with state-owned enterprises including, but not limited to, sales of automobiles and other automotive parts and purchases of raw materials and automotive parts.

For the purpose of related party transactions disclosure, the Group has in place procedures to assist the identification of the immediate ownership structure of its customers and suppliers as to whether they are state-owned enterprises. However, many state-owned enterprises have multi-layered corporate structure and the ownership structures change over time as a result of transfers and privatisation programs.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41. RELATED PARTY TRANSACTIONS (Continued)

(e) Transactions and balances with other state-owned enterprises in the PRC (Continued)

Nevertheless, the Directors consider that transactions with other state-owned enterprises are activities in the ordinary course of the Group's business, and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and other state-owned enterprises are ultimately controlled or owned by the PRC Government. The Group has also established pricing policies for products and services, and such pricing policies do not depend on whether or not the customers are state-owned enterprises. Having due regard to the substance of the relationships, the Directors are of the opinion that none of these transactions are material related party transactions that require separate disclosure except for the transactions with state-owned financial institutions as disclosed below.

(i) *Balances with state-owned financial institutions*

As at 31 December 2020 and 2019, majority part of the Group's bank balances and borrowings were deposited in or financed from various state-owned financial institutions. The Directors are of opinion that such transactions were conducted in the ordinary course of business and in accordance with normal commercial terms.

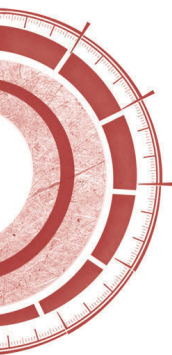
(ii) *Guarantees given by state-owned enterprises and GAIG*

As at 31 December 2020 and 2019, information of borrowings secured by guarantees given by a state-owned financial institution and GAIG is presented in Note 26(i).

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	As at 31 December	
	2020	2019
	RMB'000	RMB'000
ASSETS		
Non-current assets		
Property, plant and equipment	3,203,419	2,856,365
Right-of-use assets	442,941	457,547
Investment properties	466,216	481,545
Intangible assets	6,877,153	5,481,217
Investments in subsidiaries	31,013,643	30,177,381
Investments in joint ventures and associates	24,976,451	23,919,556
Financial assets at fair value through profit or loss	997,006	980,424
Prepayments and long-term receivables	262,457	128,570
	68,239,286	64,482,605
Current assets		
Inventories	29,420	61,791
Trade and other receivables	5,677,014	6,995,254
Time deposits	765,000	–
Cash and cash equivalents	10,713,994	9,734,366
	17,185,428	16,791,411
Total assets	85,424,714	81,274,016



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Balance sheet of the Company (Continued)

	Note	As at 31 December 2020 RMB'000	2019 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings		5,594,290	5,538,362
Lease liabilities		2,873	4,240
Government grants		484,674	556,190
		6,081,837	6,098,792
Current liabilities			
Trade and other payables		6,303,645	5,670,137
Contract liabilities		28,889	36,169
Borrowings		156,111	2,245,284
Lease liabilities		1,823	10,273
		6,490,468	7,961,863
Total liabilities		12,572,305	14,060,655
Net assets		72,852,409	67,213,361
EQUITY			
Share capital		10,349,697	10,237,708
Reserves	(a)	36,939,144	36,388,226
Retained earnings	(a)	25,563,568	20,587,427
Total equity		72,852,409	67,213,361

The balance sheet of the Company was approved by the Board of Directors on 25 March 2021 and was signed on its behalf:

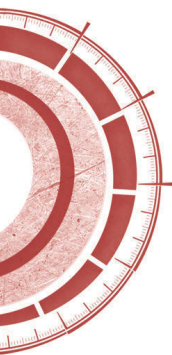
Zeng Qinghong
Director

Feng Xingya
Director

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movements of the Company

	Share premium RMB'000	Capital reserve RMB'000	FVOCI Reserve RMB'000	Statutory surplus reserve fund RMB'000	Employee share option scheme RMB'000	Convertible bonds RMB'000	Total reserves RMB'000	Retained earnings RMB'000	Total RMB'000
As at 1 January 2019	30,622,548	18,262	-	3,817,298	589,193	240,942	35,288,243	15,654,324	50,942,567
Profit for the year	-	-	-	-	-	-	-	9,234,426	9,234,426
Appropriation to statutory surplus reserve fund	-	-	-	923,443	-	-	923,443	(923,443)	-
Dividend declared by the Company	-	-	-	-	-	-	-	(3,377,880)	(3,377,880)
Employee share scheme									
- Value of employee services	-	-	-	-	158,980	-	158,980	-	158,980
- Proceeds from shares issued	24,401	-	-	-	(6,834)	-	17,567	-	17,567
Convertible bonds									
- Conversion of convertible bonds	3	-	-	-	-	-	3	-	3
Others	-	-	(10)	-	-	-	(10)	-	(10)
As at 31 December 2019	30,646,952	18,262	(10)	4,740,741	741,339	240,942	36,388,226	20,587,427	56,975,653



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

42. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) Reserve movements of the Company (Continued)

	Share premium RMB'000	Treasury stock RMB'000	Capital reserve RMB'000	FVOCI Reserve RMB'000	Statutory surplus reserve fund RMB'000	Employee share option scheme RMB'000	Convertible bonds RMB'000	Total reserves RMB'000	Retained earnings RMB'000	Total RMB'000
As at 1 January 2020	30,646,952	-	18,262	(10)	4,740,741	741,339	240,942	36,388,226	20,587,427	56,975,653
Profit for the year	-	-	-	-	-	-	-	-	7,576,595	7,576,595
Appropriation to statutory surplus reserve fund	-	-	-	-	757,660	-	-	757,660	(757,660)	-
Dividend declared by the Company	-	-	-	-	-	-	-	-	(1,842,794)	(1,842,794)
Employee share scheme (Note 23)										
- Value of employee services	-	-	-	-	-	(195,528)	-	(195,528)	-	(195,528)
- Proceeds from shares issued	515,731	(509,486)	-	-	-	(20,393)	-	(14,148)	-	(14,148)
Convertible bonds (Note 26(g))										
- Conversion of convertible bonds	3,257	-	-	-	-	-	(300)	2,957	-	2,957
Others	-	-	-	(23)	-	-	-	(23)	-	(23)
As at 31 December 2020	31,165,940	(509,486)	18,262	(33)	5,498,401	525,418	240,642	36,939,144	25,563,568	62,502,712

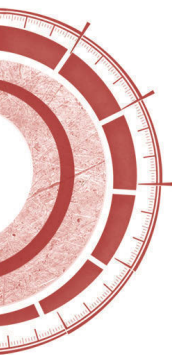
43. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors', supervisors' and general manager's emoluments

The remuneration of every director, supervisor and the general manager for the year ended 31 December 2020 is set out as below:

Name	Fees RMB'000	Basic salaries, housing fund and other allowances RMB'000	Employer's contributions to a retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Total RMB'000
Name of director						
Zeng Qinghong	-	684	75	290	-	1,049
Feng Xingya	-	1,155	75	1,163	-	2,393
Zhao Fuquan (Note(ii))	-	88	-	-	-	88
Xiao Shengfang (Note(ii))	-	88	-	-	-	88
Wong Hakkun (Note(ii))	-	88	-	-	-	88
Song Tiebo (Note(ii))	-	88	-	-	-	88
Fu Yuwu (Note(iii))	-	63	-	-	-	63
Lan Hailin (Note(iii))	-	63	-	-	-	63
Leung Lincheong (Note(iii))	-	63	-	-	-	63
Wang Susheng (Note(iii))	-	63	-	-	-	63
Chen Xiaomu (Note(iii))	-	606	63	217	-	886
Chen Maoshan	-	1,081	75	847	-	2,003
Chen Jun	-	-	-	-	-	-
Ding Hongxiang	-	-	-	-	-	-
Han Ying	-	-	-	-	-	-
Yan Zhuangli (Note (iii))	-	-	-	-	-	-
Name of supervisor						
Ji Li (Note(iii))	-	-	-	-	-	-
Chen Tian	-	-	-	-	-	-
Long Yong	-	-	-	-	-	-
Wang Junyang	-	-	-	-	-	-
Jiang Xiuyun	-	715	75	195	-	985
He Jinpei (Note(iii))	-	518	56	153	-	727
Shi Lei (Note(ii))	-	220	26	60	-	306
Wang Lu	-	563	75	133	-	771

The above emoluments do not include the fair value of share options granted under SO-II Phase I in 2017, SO-II Phase II in 2018 and SO-III and RS in 2020.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors', supervisors' and general manager's emoluments (Continued)

The remuneration of every director, supervisor and the general manager for the year ended 31 December 2019 is set out as below:

Name	Fees RMB'000	Basic salaries, housing fund and other allowances RMB'000	Employer's contributions to a retirement benefit scheme RMB'000	Discretionary bonuses RMB'000	Remunerations paid or receivable in respect of accepting office as director RMB'000	Total RMB'000
Name of director						
Zeng Qinghong	-	625	131	352	-	1,108
Feng Xingya	-	1,055	131	884	-	2,070
Fu Yuwu	-	150	-	-	-	150
Lan Hailin	-	150	-	-	-	150
Leung Lincheong	-	150	-	-	-	150
Wang Susheng	-	150	-	-	-	150
Yan Zhuangli	-	628	132	341	-	1,101
Chen Maoshan	-	1,000	127	691	-	1,818
Chen Jun	-	-	-	-	-	-
Ding Hongxiang	-	-	-	-	-	-
Han Ying	-	-	-	-	-	-
Name of supervisor						
Ji Li	-	-	-	-	-	-
Chen Tian	-	-	-	-	-	-
Long Yong	-	-	-	-	-	-
Wang Junyang	-	-	-	-	-	-
Jiang Xiuyun	-	638	116	179	-	933
He Jinpei	-	634	143	163	-	940
Wang Lu	-	526	109	128	-	763

The above emoluments do not include the fair value of share options granted under SOs-I in 2014, SOs-II Phase I in 2017 and SOs-II Phase II in 2018.

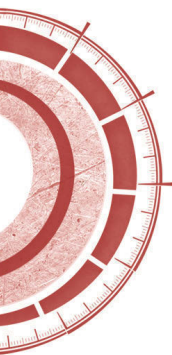
43. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(a) Directors', supervisors' and general manager's emoluments (Continued)

Expense recognised in the consolidated statement of comprehensive income for share options granted to the above directors, supervisors and the general manager for the year ended 31 December 2020 and 2019 is set out as below:

Name	Year ended 31 December			2019	
	2020				
	Number of share options	Number of restricted shares	Net expense reversed for the share options and restricted shares granted RMB'000	Number of share options granted	Expense recognised for the share options granted RMB'000
Name of director					
Zeng Qinghong	373,336	-	(547)	1,120,000	346
Feng Xingya	644,668	290,000	(400)	1,064,000	329
Chen Xiaomu	261,336	-	(383)	-	-
Chen Maoshan	581,000	245,000	(390)	1,008,000	311
Yan Zhuangli	-	-	-	1,064,000	329

- (i) The amount represented emoluments throughout their terms of directors or supervisors in 2020 and 2019.
- (ii) In March 2020, Mr. Chen Xiaomu was appointed as director. In May 2020, Mr. Zhao Fuquan, Mr. Xiao Shengfang, Mr. Wong Hokkun and Mr. Song Tiebo were appointed as directors. In September 2020, Mr. Shi Lei was appointed as supervisor.
- (iii) In January 2020, Mr. Yan Zhuangli resigned from director. In May 2020, Mr. Fu Yuwu, Mr. Lan Hailin, Mr. Leung Lincheong and Mr. Wang Susheng resigned from directors. In September 2020, Mr. Ji Li and Mr. He Jinpei resigned from supervisors.
- (iv) In 2020 and 2019, there was no emoluments paid to or receivable by directors in respect of their other services in connection with the management of the affairs of the Company or its subsidiary undertaking.



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

43. BENEFITS AND INTERESTS OF DIRECTORS (Continued)

(b) Directors' retirement benefits

None of the directors received or will receive any retirement benefits for the year ended 31 December 2020 (2019: Nil).

(c) Directors' termination benefits

None of the directors received or will receive any termination benefits for the year ended 31 December 2020 (2019: Nil).

(d) Consideration provided to third parties for making available directors' services

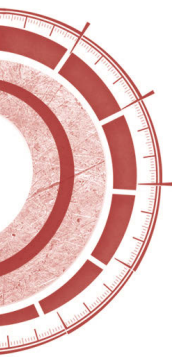
For the year ended 31 December 2020, the Group did not pay consideration to any third parties for making available directors' services (2019: Nil).

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2020, there are no loans, quasi-loans and other dealing arrangements in favor of directors, controlled bodies corporate by and connected entities with such directors (2019: Nil).

(f) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year (2019: Nil).



Difference in Accounting Data under Different Accounting Standards

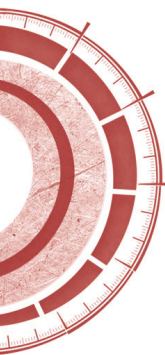
DIFFERENCE IN ACCOUNTING DATA UNDER DIFFERENT ACCOUNTING STANDARDS

The differences in net profits and net assets in accordance with overseas financial reporting standards and PRC Accounting Standards

Unit: 0'000 Currency: RMB

	Net profits		Net assets	
	Current period	Last period	End of period	Beginning of period
In accordance with PRC Accounting Standards	596,583	661,754	8,432,101	8,013,409
Adjusted items and amounts under overseas financial reporting standards:				
(1) Amortisation of equity investment difference	0	0	4,501	4,501
(2) Difference in accounting treatment for the reversal of provision for impairment of non-current assets	0	0	901	901
(3) Staff and workers' bonus and welfare fund included in profit allocation as current cost and expenses items	-177	-127	0	0
In accordance with overseas financial reporting standards	596,406	661,627	8,437,503	8,018,811

Financial statements of the Group for the year 2020 prepared in accordance with the Hong Kong Financial Reporting Standards have been audited by PricewaterhouseCoopers.

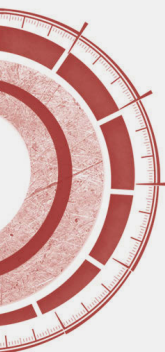


Five-Year Financial Summary

A summary of the published financial results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements of the Group, is set out below:

	Year ended 31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000
Revenue	63,156,985	59,704,322	72,379,779	71,574,939	49,417,676
Cost of sales	(60,860,992)	(57,181,363)	(60,835,699)	(58,716,478)	(41,961,379)
Gross profit	2,295,993	2,522,959	11,544,080	12,858,461	7,456,297
Selling and distribution costs	(3,641,480)	(4,553,402)	(5,073,033)	(5,250,070)	(3,396,393)
Administrative expenses	(3,850,327)	(3,589,516)	(4,519,380)	(4,021,804)	(2,738,874)
Net impairment losses on financial assets	(55,110)	(53,831)	(7,257)	–	–
Interest income	304,233	290,694	453,389	342,643	488,696
Other gains – net	1,379,690	2,620,340	1,067,991	562,459	331,196
Operating (loss)/profit	(3,567,001)	(2,762,756)	3,465,790	4,491,689	2,140,922
Interest income	127,551	171,565	103,021	52,676	97,240
Finance costs	(439,567)	(516,481)	(458,858)	(646,477)	(962,927)
Share of profit of joint ventures and associates	9,570,978	9,399,343	8,753,300	8,296,387	5,774,362
Profit before income tax	5,691,961	6,291,671	11,863,253	12,194,275	7,049,597
Income tax credit/(expense)	355,990	417,186	(920,808)	(1,154,259)	(754,342)
Profit for the year	6,047,951	6,708,857	10,942,445	11,040,016	6,295,255
Profit attributable to:					
Owners of the Company	5,964,055	6,616,265	10,899,603	11,004,671	6,287,542
Non-controlling interests	83,896	92,592	42,842	35,345	7,713
	6,047,951	6,708,857	10,942,445	11,040,016	6,295,255

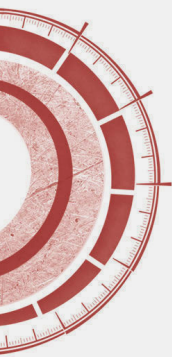
	As at 31 December				
	2020 RMB'000	2019 RMB'000	2018 RMB'000	2017 RMB'000	2016 RMB'000 (Restated)
Assets, liabilities and non-controlling interests					
Total assets	142,860,688	137,463,551	132,173,759	119,656,441	82,146,241
Total liabilities	56,147,060	54,955,305	54,199,052	49,188,448	37,252,780
Non-controlling interests	2,338,597	2,320,135	1,370,853	1,043,725	1,037,308



Definitions

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

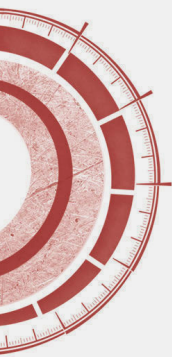
“Articles of Association”	the articles of association of the Company, as amended from time to time
“associated companies” or “associated enterprises”	all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting 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)
“Company Law”	the Company Law of the People’s Republic of China
“CSRC”	China Securities Regulatory Commission
“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
“Denway Motors”	Denway Motors Limited (駿威汽車有限公司), a wholly-owned subsidiary of the Company incorporated in Hong Kong in June 1992
“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



Definitions

“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 in 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 Changfeng”	GAC Changfeng Motor Co., Ltd. (廣汽長豐汽車有限公司) (formerly known as Hunan Changfeng Motor Co., Ltd. (湖南長豐汽車製造股份有限公司)), a company incorporated in November 1996 under PRC Law, in which the Company holds 100% equity interests
“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.

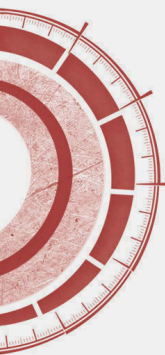
“GAC Mitsubishi”	GAC Mitsubishi Motor Co., Ltd. (廣汽三菱汽車有限公司), a jointly controlled entity incorporated in September 2012 under PRC law by the Company, Mitsubishi Motors Corporation and Mitsubishi Corporation
“GAC Nio”	GAC Nio New Energy Automobile Technology Co., Ltd. (廣汽蔚來新能源汽車科技有限公司), a company jointly 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 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
“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-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)
“GAEI”	Guangzhou Automobile Group Company Automotive Engineering Institute (廣州汽車集團股份有限公司汽車工程研究院), 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
“GAIG”	Guangzhou Automobile Industry Group Co., Ltd. (廣州汽車工業集團有限公司), a state-owned enterprise incorporated in October 2000 under PRC law and the controlling shareholder of the Company
“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



Definitions

“GAMC (Hangzhou)”	its predecessor was GAC Gonow Automobile Co., Ltd. (廣汽吉奧汽車有限公司), a subsidiary incorporated in December 2010 under PRC Law by the Company and Gonow Auto Co., Ltd., in which the Company holds 51% equity interests. In March 2016, GAMC, a wholly-owned subsidiary of the Company acquired the remaining 49% equity interests and renamed the entity as Guangzhou Automobile Group Motor (Hangzhou) Co., Ltd. (廣州汽車集團乘用車(杭州)有限公司) in May 2016 which was renamed as GAMC (Hangzhou) Co., Ltd. (廣汽乘用車(杭州)有限公司) in June 2019
“Group” or “GAC Group”	the Company and its subsidiaries
“independent director”	has the same meaning as that of independent executive director
“joint venture, joint enterprise, jointly controlled entity”	joint venture company 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
“Securities Law”	the Securities Law of the People’s Republic of China
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)

“Shanghai Hino”	Shanghai Hino Engine Co., Ltd. (上海日野發動機有限公司), 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
“SSE”	the Shanghai Stock Exchange
“SSE Listing Rules”	the Rules Governing the Listing of Shares on the SSE, as amended from time to time
“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
“Tong Fang Logistics”	Tong Fang Global (Tianjin) Logistics Co., Limited (同方環球(天津)物流有限公司), an associated company established by the Company, China First Automobile Works Group and Toyota Motor Company in July 2007, in which the Company holds 25% equity interests
“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



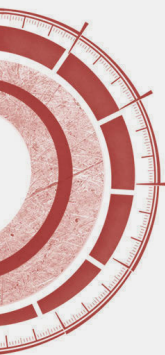
Honours and Awards

I. AWARDS

(I) AWARDS WON BY THE GROUP AND ITS MAJOR INVESTEES

Subject	Awards won by the Group and its major investees	Organiser/theme
The Company	First prize of Guangdong Science and Technology Award for the "Self-development and Industrialisation of Key Technologies for A-Level Pure Electric Passenger Vehicles"	Guangdong Provincial People's Government
	Second prize of China Automotive Industry Awards for Science and Technology for the "Development and Industrialisation of Key Technologies for Medium-sized SUV"	China Society of Automotive Engineers
	Special prize of China Automotive Industry Awards for Science and Technology for the "Key Technologies and Application of Cloud-based Control System for Intelligent Networking Vehicles"	China Society of Automotive Engineers
	Second prize of Science and Technology Award of Guangdong Mechanical Engineering Society for the "Development and Application of Key Technologies for High-performance Platform-based GPMA Car Body"	Guangdong Mechanical Engineering Society
	Third prize of Science and Technology Award of Guangdong Mechanical Engineering Society for the "R&D and Application of Key Technologies of Electronic Control System for New Energy Vehicles"	Guangdong Mechanical Engineering Society
	The 21st session of China Appearance Design Gold Award for Automobiles	China National Intellectual Property Administration, World Intellectual Property Organisation

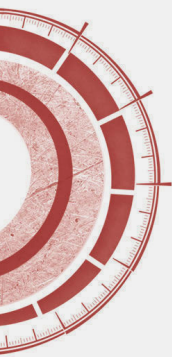
Subject	Awards won by the Group and its major investees	Organiser/theme
	The 21st session of China Patent Excellence Award for the invention patent of "an intake manifold and automobile engine"	China National Intellectual Property Administration
	The 7th session of Guangdong Patent Gold Award for Automobiles	Guangdong Provincial People's Government
	The 7th session of Guangdong Patent Silver Award for the invention patent of "an engine design method"	Guangdong Provincial People's Government
	The Best Boards of Companies Listed on the Main Board	Securities Times
	The Best Companies in Investor Relations	Securities Times
	New Fortune Best IR Company Listed in Hong Kong	New Fortune
GAEI	China Excellent Industrial Design Gold Award	Ministry of Industry and Information Technology of the People's Republic of China
GAMC	No. 1 among Chinese brands in J.D. Power Initial Quality Study (IQS)	J.D. Power
	First place among Chinese domestic brands in J.D. Power 2020 China Customer Service Index (CSI) Study	J.D. Power
	Anti-pandemic Active Contribution Award	Hubei General Chamber of Commerce
GAC Honda	No. 1 among mass market brands in the Initial Quality Study (IQS)	J.D. Power
	No. 2 among mass market segment brands in J.D. Power 2020 China Sales Satisfaction Index (SSI) Study	J.D. Power



Honours and Awards

Subject	Awards won by the Group and its major investees	Organiser/theme
GAC Honda	No. 2 in the Green Development Index (GDI) of Automotive Companies in 2020 Guangdong Environmental Education Base	Energy-saving and Green-development Assessment Centre for Automotive Industry Department of Ecology and Environment of Guangdong Province
	Model Enterprise in VOCs Treatment in the Green Environmental Protection Action of Automobile Industry in China	China Automotive Data Co., Ltd.
	No. 1 among joint venture brands for after-sales satisfaction in 2020 China Automobile Customer Satisfaction Index (CACSI)	China Association for Quality
GAC Toyota	Gold Award in the "Toyota Global Service Excellence Recognition"	Toyota Motor Corporation
	No. 1 among joint venture brands for after-sales satisfaction in China Automobile Customer Satisfaction Index (CACSI)	China Association for Quality
	No. 1 among joint venture brands for sales satisfaction in China Automobile Customer Satisfaction Index (CACSI)	China Association for Quality
	No. 1 among joint venture brands for after-sales satisfaction in China Automobile After-sales Customer Satisfaction Research (CAACS)	China Automotive Maintenance and Repair Trade Association
	Outstanding Pandemic Response Award	People.cn
	Annual Green Development Enterprise Responsibility Model Award	Southern Weekly Yicai

Subject	Awards won by the Group and its major investees	Organiser/theme
GAC FCA	2020 Model Unit in Regularised Management of Hazardous Wastes in Changsha National Credible Model Enterprise in Product and Quality Service – Jeep Vehicle	Changsha Ecological Environment Bureau China Association for Quality Inspection
GAC Mitsubishi	Annual Social Responsibility Public Charity Enterprise Annual Innovative Marketing Award	China Automobile TV General Review Netease
GAC AION	Best New Energy Automobile Manufacturer China Internet of Vehicles Technology Application Award 2020 World Intelligent Vehicles Conference-Intelligent Manufacturing Award Most Anticipated New Energy Brand	Sohu Auto Securities Daily Organising Committee of World Intelligent Vehicles Conference Che Shi Hong Dian
GAC-SOFINCO	2020 Best Automobile Finance Company	21st Century Business Herald

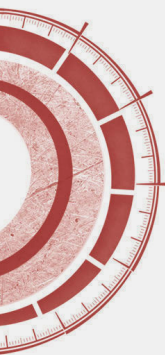


Honours and Awards

Subject	Awards won by the Group and its major investees	Organiser/theme
GAC Component	Ranked 36th among 2020 China Machinery Top 500 Ranked 68th among 2020 Global Top 100 Auto Parts Companies, and 7th among Top 100 Auto Parts Companies in China Ranked 8th among Top 30 Auto Parts Companies in China Automobile Industry	China Machinery Enterprise Management Association China Automotive News China Association of Automobile Manufacturers
GAC Business	Ranked 22nd among Top 100 Automobile Dealer Groups in China, Top 100 Excellent Dealers in China Outstanding Industry Management Elite Award	China Automobile Dealers Association Guangdong Automobile Dealers Association
GAC Capital	2020 Top 30 Best Private Equity Investment Fund in China, 2020 Top 30 Best Investment Institution in Hard Technology in China, 2020 TOP 20 Most Popular PE Fund Founding Partner among FoFs in China	Fund of Funds Union

(II) VEHICLE MODELS AND OTHER AWARDS

Vehicle Model	Name of Award	Awarded by
GAC 7WDCT Gearbox	Top Ten Gearboxes in the World	CarBingo Academy
GAC 2.0ATK Engine	Energy Efficiency Star (highest effective thermal efficiency reaches 42.1%)	CATARC
GAC Trumpchi GS3	No.1 Mini-sized SUV in J.D. Power Initial Quality Study (IQS)	J.D. Power
GAC Trumpchi GS4	2020 Top 10 SUV	Yiche
GAC Trumpchi M8	Commercial Vehicle of the Year	Netease
GAC Trumpchi M8	Annual Fengyun MPV	Pcauto
GAC Trumpchi EMPOW55	2020 Most Anticipated Sedan	Cheshi.com
GAC Honda Accord	Best-selling Car of the Year in the "2020 China Automobile Festival"	CCTV
GAC Honda Accord	No. 1 Mid-sized Sedan in the Research Report on China's Automobile Preservation Rate	58che, Uxin
GAC Honda Accord	No.1 Mid-sized High-end Sedan in J.D. Power Initial Quality Study (IQS)	J.D. Power
GAC Honda Avancier	No.1 Large-sized SUV in J.D. Power Initial Quality Study (IQS)	J.D. Power
GAC Honda Breeze	Automobile of the Year 2020	12gang.com
GAC Honda Odyssey	No. 2 MPV in the Research Report on China's Automobile Preservation Rate	58che, Uxin
GAC Honda Fit	Small-sized Vehicle of the Year	Netease
GAC Honda Vezel	SUV of the Year	Yiche
GAC Acura NEW CDX	Sports SUV of the Year 2020	Pcauto
GAC Toyota Camry	No. 1 Preservation Rate among Mid-sized Vehicles	J.D. Power
GAC Toyota Highlander	No. 1 Preservation Rate among Mid-sized SUVs	J.D. Power
GAC Toyota Wildlander	SUV of the Year	Netease
GAC Toyota Wildlander	2020 Most Concerned Elite Automobile	21st Century Business Herald
GAC Toyota Camry HEV	Best Hybrid Sedan of the Year	Gongfuauto
GAC AION AION LX	2020 TTA New Energy Vehicle of the Year	Tencent Auto
GAC AION AION LX	Comprehensive Champion in SUV Challengers Group, Recommended Model of the Year	Organising Committee of China New Energy Vehicles Competition
GAC AION AION LX	Intelligent Cockpit Invention of the Year	Gasgoo
GAC AION AION V	Best Smart Electric SUV	National Business Daily
GAC AION AION V	2020 Most Concerned New Energy Elite Vehicle	21st Century Business Herald
GAC AION AION V	New Energy Smart SUV of the Year	Netease
GAC AION AION Y	Best First Launch of New Energy Vehicle Model Award	Sohu Auto
GAC AION AION Y	Top 10 New Iconic Vehicles	Huanqiuauto.com



Corporate Information

I. CORPORATE INFORMATION

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

II. CONTACT PERSON AND CONTACT METHOD

	Company Secretary/Secretary to the Board
Name	Sui Li
Address	GAC Centre, No. 23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou
Telephone	020-83151139
Facsimile	020-83150319
E-mail	ir@gac.com.cn

III. BASIC INFORMATION

Registered address of the Company	23/F, Chengyue Building, 448-458 Dong Feng Zhong Road, Yuexiu District, Guangzhou
Postal code of the Company's registered address	510030
Office address of the Company	GAC Centre, No. 23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou
Postal code of the Company's office address	510623
Principal place of business in Hong Kong	Room 808, Citicorp Centre, 18 Whitfield Road, Causeway Bay, Hong Kong
Company's website	www.gac.com.cn
E-mail	ir@gac.com.cn
Investor hotline	020-83151139 Ext.3

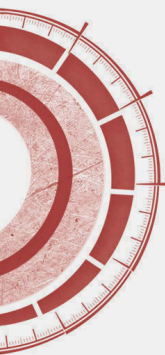
IV. INFORMATION DISCLOSURE AND PLACE OF INSPECTION

Newspapers selected by the Company for information disclosure	China Securities Journal, Shanghai Securities News, Securities Times and Securities Daily
Website designated by CSRC for publishing the annual report	www.sse.com.cn
Website designated by the Stock Exchange for publishing the annual report	www.hkexnews.hk
Place of inspection of the annual report of the Company	22/F, GAC Centre, No. 23 Xingguo Road, Zhujiang New Town, Tianhe District, Guangzhou

V. INFORMATION ON THE COMPANY'S SHARES

Information on the Company's shares

Class of shares	Stock Exchange of listing shares	Stock abbreviation	Stock code
A shares	SSE	GAC GROUP	601238
H shares	Stock Exchange	GAC GROUP	02238



Corporate Information

VI. OTHER RELEVANT INFORMATION

Auditors (domestic)	Name	BDO China Shu Lun Pan Certified Public Accountants LLP
	Business address	4th Floor, 61 Nanjing East Road, Huangpu District, Shanghai
	Name of signatory accountants	Xu Dan, Li Jiajun
Auditors (overseas)	Name	PricewaterhouseCoopers
	Business address	Certified Public Accountants and Registered PIE Auditor 22/F, Prince's Building, Central, Hong Kong
	Name of signatory accountants	Pang Ho Yin
Sponsor performing continuous supervisory duty during the reporting period	Name	China International Capital Corporation Limited
	Business address	27th Floor & 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing
	Signing representative of sponsor	Zhou Jiaqi, Long Liang
	Period of continuous supervision	The Company completed the issuance of A shares convertible corporate bond in February 2016, during which the corresponding continuous supervision period was from 4 February 2016 to 31 December 2017, and the sponsor continued to perform the relevant ongoing supervision obligations before the conversion of convertible corporate bonds was completed
Sponsor performing continuous supervisory duty during the reporting period	Name	China International Capital Corporation Limited
	Business address	27th Floor & 28th Floor, China World Office 2, 1 Jianguomenwai Avenue, Chaoyang District, Beijing
	Signing representative of sponsor	Zhou Jiaqi, Long Liang
	Period of continuous supervision	The Company completed the non-public issuance of A shares in November 2017, during which the corresponding continuous supervision period was from 17 November 2017 to 31 December 2018, and the sponsor continued to perform the relevant ongoing supervision obligations before the raised proceeds were fully utilised
H share registrar of the Company	Name	Tricor Investor Services Limited
	Address of the registrar	Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong



广汽集团
GAC GROUP

匠于心 品于行
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